

Global "sukima" ideas



**Nippon Kayaku Group
Sustainability Report
2026**

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Message from the President

April 2026 saw us embark upon our new Long-term Management Plan: "Evolution 2035." We have thus set sail on a course which leads ten years into the future and with the following purpose:

"Through Kayaku technologies, Nippon Kayaku will provide Comfort, Prosperity and Inspiration for the future and humanity of our planet."

"What will the wider world throw at us?" is the question of the moment in these unpredictable and uncertain times. Accordingly, in order to both survive and develop as a company, we must adapt to our business environment and constantly evolve.

Nippon Kayaku operates multiple businesses and possesses a diverse array of technologies with unique characteristics. Our path until now has seen each business utilize its own particular technology to make products delivering value to society. But our future must see us combine such technologies, and harness them to the business assets cultivated to this point, to create businesses able to solve the new social issues of the future.

We believe that companies of the future are tasked with the following mission: to operate businesses that find compatibility between delivering happier and more prosperous lives for the people of the future, and contributing to the environment, and thereby make contributions to all shareholders, investors, customers, employees, the environment and society as a whole.

We also believe that achieving the above will be tough with continued adherence to the thoughts, ideas and working practices of the past. By continuously considering the question of: "What kinds of future social issues can our KAYAKU technologies solve?" we shall, with the aid of a comfortable workplace, produce ideas that break with those of the past as we pursue new challenges. We must therefore proactively advance and reform the very organizational climate that shall support our quest to achieve the above.

In addition to furthering digital integration and upping both working efficiency and speed, we shall ensure that each and every Nippon Kayaku individual can display their personal abilities to the full, and realize these new ideas. By creating that kind of growth cycle shall we evolve towards a company that sustainably increases its corporate value.

Even uncertain times shall not shake our guiding principle: "Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Going forward, just as until now, we, at the Nippon Kayaku Group, shall listen earnestly to the voices of all our stakeholders and continue on our forward march through continuous steady progress and the acceptance of new challenges.



June 2026

Shigeyuki Kawamura

Shigeyuki Kawamura

Member of the Board

President and Representative Director

A Message from our Director In-charge of Sustainability

The “VUCA Era” of highly uncertain business environments demands that companies adopt long-term-perspective management policies, and act in ways that repay society's trust more than ever before. As a chemical-handling company, our responsibilities to ensure safety, maintain and improve quality, and reduce environmental burdens are especially great and form the very nucleus of our business.

At this juncture has our company fixed Evolution2035, our Long-term Management Plan based on our vision of where we wish to be in ten years' time. To achieve that vision, we have reassessed our materiality circumstances by determining key issues. The current reassessment has seen us calculate back from our end vision, and organize our mission in the form of concrete targets for 2028 and 2035. We have also considered affairs from double-materiality viewpoints, given that as our business expands, societal demands around product safety and quality, and our responsibilities to the environment, will yet further increase. Based on that, in addition to corporate growth, are we fixing our gaze upon effects on society and the environment, and managing our business accordingly.

In the environmental field, whereas amounts for VOC emissions and industrial waste were previously confined to business result disclosures, we have now set clear targets and thereby boosted initiative efficiency. Regarding human capital, through optimizing our human resources portfolio and strengthening investments in training, we have strategically developed specialist staff for management, digital, finance and global roles, and are striving for compatibility between business growth and value creation. Additionally, wherever possible, each of our targets is fixed and disclosed on a continuous basis, enabling us to increase transparency and effectiveness across the entire Group. Furthermore, a director-in-charge has been assigned to each individual matter so as to clarify exactly who is responsible for meeting each target.

Especially in this era where the future is hard to discern shall we firmly uphold our original chemical company principles of safety, quality, and environmental responsibility as we keep taking new challenges on. Through delivering products and technologies that can help solve social issues, we shall aim to harmonize the goals of realizing a sustainable society and achieving sustainable business growth for the Nippon Kayaku Group.



June 2026

S. Inoue
Shinji Inoue

Member of the Board
Managing Director

Messages from Group Company Leadership

The Nippon Kayaku Group is developing its business across the world.



USA Mobility & Imaging Business Unit

NIPPON KAYAKU AMERICA, INC. President: Kenji Yoshida

NIPPON KAYAKU AMERICA concentrates on gathering information and promoting the sale of automotive safety parts in the North American region. As a seller of automotive safety components, we are rigorous in our approach to compliance and quality control as we bring safe and eco-friendly parts to the market. We are promoting products, technologies and services to clients and partners which aid the creation of a sustainable society, including from the standpoints of increasing environmental, social and economic value. With the KAYAKU spirit firmly in mind do we hope to contribute even slightly towards the advent of a sustainable society.



Korea Mobility & Imaging Business Unit

Nippon Kayaku Korea Co., Ltd. President and Representative Director: Yuusuke Tanaka

Nippon Kayaku Korea Co., Ltd. concerns itself with the sales promotion of automotive safety parts and the sales of explosive raw materials used in such parts within Korea.

In order to satisfy all our stakeholders, starting with our customers, we strive to deliver safety, environmentally-conscious products and services, and proper provision of information.

With legal and regulatory compliance and fair-trade practices forever in mind, each and every employee acts in accordance with our Charter of Conduct and Code of Conduct as we seek to realize the Nippon Kayaku Group's Corporate Vision "KAYAKU spirit."



Czech Republic Mobility & Imaging Business Unit

Kayaku Safety Systems Europe a.s. President: Akinori Kanno

Since 1999, Kayaku Safety Systems Europe has been engaged in the manufacture and sale of automotive safety components from our eastern Czech Republic base of Vsetin. The critical safety components we supply to the market are high-quality, designed with operational safety in mind, and help provide enhanced protection to drivers behind the wheel. We aim to contribute to local communities through sustainable business management, environmental awareness, improved employee quality of life, and philanthropic activities.



China Mobility & Imaging Business Unit

Kayaku Safety Systems (Huzhou) Co., Ltd. General Manager: Yasushi Matsumura

A manufacturer and seller of automotive safety parts, Kayaku Safety Systems (Huzhou) (KSH) contributes to reducing automobile accidents with its stable supply of high-quality products to the market. In addition to responding appropriately to China's increasingly tougher safety and environmental demands, we are thorough in our approaches to corporate governance and compliance, and are also striving to boost economic value through continuous cost-reduction efforts. Through realizing Nippon Kayaku Group's core sustainable management policies in line with the KAYAKU spirit, KSH will continue striving to repay the trust of all our stakeholders.



Mexico Mobility & Imaging Business Unit

Kayaku Safety Systems de Mexico, S.A. de C.V. President and Representative Director: Kazumasa Kurita

Established in May 2007, Kayaku Safety Systems de Mexico, S.A. de C.V. is involved in the manufacture of automotive safety parts for the North American market and the wider world.

With priorities placed on safety and quality, we not only promote "kaizen" continuous improvement activities but strive to eliminate waste throughout our manufacturing activities.

Based on the Nippon Kayaku Group's "KAYAKU spirit" corporate vision, that of "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences," we implement sustainable management while aiming to be a company trusted by all our stakeholders.



Malaysia Mobility & Imaging Business Unit

Kayaku Safety Systems Malaysia Sdn.Bhd. Managing Director: Eishi Sato

Kayaku Safety Systems Malaysia was established in 2012 with the aim of manufacturing and selling automotive safety parts. Underpinned by our focus on safety and quality, our products can be found in cars across every ASEAN member state and across the wider world. We also practice sustainable business management in accordance with the KAYAKU spirit. Our aim is to earn the trust of every stakeholder through contributing to increased car safety with the parts we provide.



Japan Mobility & Imaging Business Unit

POLATECHNO CO., LTD. President and Representative Director: Hirokazu Karino

The year 2020 saw POLATECHNO CO., LTD undergo a new lease of life as Nippon Kayaku's Joetsu Plant. We continue to compete on the world stage with our dye-type polarizing films, which combine Nippon Kayaku's dye technologies with Polatechno's stretching, coating and processing technologies. While aiming for a stress-free and comfortable workplace which prioritizes improved health and guaranteed safety, we are constantly striving to get the basics thoroughly right. By creating a unified workplace through improved camaraderie, we aim to notice more, think more, and thereby improve quality and productivity. We are proactively reducing CO₂ emissions and industrial waste as we bring our image of a continually environmentally-conscious plant into reality. Going forward, we will keep being kind to the global environment, aim to progress hand-in-hand with the local community, continue to stably deliver distinctive products to the wider world, and contribute to affluent living and a sustainable society.



USA Mobility & Imaging Business Unit

MOXTEK, Inc. President: Michiyuki Yamamoto

MOXTEK contributes to society with its utilization of cutting-edge nano-optical and X-ray technologies for imaging and analysis equipment. The core of our sustainability drive consists of: (1) growing in tandem with the local community; and (2) contributing to society with a technology-rooted approach. We already support local initiatives through proactive participation in a "Homeless Support Program" and delivery of extra-curricular science activities to local schools. And we are even helping to elucidate the beginnings of the universe through our contributions to the NASA Mars Exploration and Space Telescope projects! In short, we are working hard to be a locally-rooted company which aids the wider development of science.



China Mobility & Imaging Business Unit

WUXI POLATECHNO OPTICS CO., LTD. General Manager: Ryuta Tsukada

WUXI POLATECHNO OPTICS (WPLC) produces liquid crystal projector materials, conducts polarized film processing for automotive applications (Wuxi), and undertakes sales activities in China and other Asian countries (Shenzhen). As even China is now taking an increasingly stringent stance on environmental and safety issues, we need to fully grasp these environmental and social changes and respond accordingly. As such, WPLC has already introduced green electricity, and is working to reduce energy consumption, wastewater and industrial waste emissions. We also believe in the importance of all employees working as one to further enhance our response to change, holding every one of them accountable to the Nippon Kayaku Group Charter of Conduct and Code of Conduct, and raising awareness of operational safety. We thus aim to continue our pursuit of a sustainable society by bringing the KAYAKU spirit into everyday operations.



Netherlands Mobility & Imaging Business Unit

Dejima Optical Films B.V. Managing Director: Jan Willem Venema

As our name might suggest, we design, develop and produce optical films for the display industry and other methods of application, thereby contributing to Nippon Kayaku's Light Control Business. We are currently making every effort to implement Nippon Kayaku Group's sustainable management practices. Since establishment in 1999, we have, to the fullest extent possible, recycled both the Twistar™ packaging shipped to, and the raw materials received from, the Joetsu factory. Furthermore, we ensured that our facility built in 2008 was fitted with energy recovery devices for use at various stages of the production process, thereby keeping energy consumption to a minimum. And on top of that, we have held down environmental pollution stemming from our coating line by catalytically oxidizing organic solvent waste gases in an incinerator. Our production plant electricity comes with a so-called "Green Label" which certifies our wind-generated energy. And, although only able to supply a limited amount of our electricity needs, we are looking into the installation of solar panels on our roof in light of recent energy price hikes. Individual safety and environmental conservation are the themes reflected in every management decision taken at Dejima Optical Films.



UK Mobility & Imaging Business Unit

RaySpec Ltd. Managing Director: Shinji Ichikawa

RaySpec Ltd. is mainly concerned with the manufacture and sale of X-ray-based analytical devices found in electron microscopes. We endeavor to contribute to society through listening to customer and market voices, and delivering products and services tailored to needs, with safety and quality prioritized. With our KAYAKU spirit corporate vision forever in mind, we shall strengthen corporate governance, work towards thorough compliance, practice sustainable management which recognizes environmental issues, and aim to deliver happiness and joy to all our stakeholders.



Japan Fine Chemicals Business Unit

NIKKA FINE TECHNO CO., LTD. President and Representative Director: Ryo Fujimori

NIKKA FINE TECHNO CO., LTD is a domestic trading company within the Nippon Kayaku Group. Mainly linking ourselves with Fine Chemicals but also with other businesses, we call on diverse commodities and technical expertise to provide optimal solutions for our customers' desired outcomes. As we work towards realizing the mission statement: "Through KAYAKU technologies, Nippon Kayaku will provide Comfort, Prosperity and Inspiration for the future of humanity and our planet," we shall thoroughly uphold our Group Charter of Conduct and Code of Conduct under the KAYAKU spirit. With the environment, safety, quality and compliance serving as our focal points, and through Responsible Purchasing, human resource development and strengthening of systems including those for information security, we shall commit ourselves to sustainable management and value creation across the entire supply chain.



Germany Fine Chemicals Business Unit

Euro Nippon Kayaku GmbH Managing Director: Yuji Uesugi

Euro Nippon Kayaku imports and sells Fine Chemicals Business Unit products in Europe. Based on the European Green Deal and European Climate Law, Europe is taking the lead in achieving climate neutrality by 2050, and new laws and regulations are being established around the world in line with this goal. Furthermore, recent wars and global political developments have had a significant impact on global supply chains, where timely, precise responses are essential. Under the KAYAKU spirit and sustainable management, we strive to promote KAYAKU's technology to provide peace of mind, prosperity, and inspiration for the future of people and the planet, and meet the expectations of our stakeholders.



Japan Fine Chemicals Business Unit

Kowa Sangyo Co., Ltd. President and Representative Director: Katsuki Moritsugi

Kowa Sangyo Co., Ltd. is responsible for manufacturing operations at Nippon Kayaku's Asa Plant, as well as ancillary haulage and inspection tasks. As a company deeply rooted in the local community, we prioritize safety, aim for a comfortable workplace, and ensure that all our employees conduct business activities in line with our Charter of Conduct and Code of Conduct. Furthermore, through promotion of energy-saving and waste reduction, we strive to reduce environmental burdens through our daily business activities, and thereby contribute towards both a sustainable environment and sustainable society. Going forward, as a member of the Nippon Kayaku Group, we shall continue, under the KAYAKU spirit, to implement sustainable management and seek to become a company that repays the faith of all stakeholders.



China Fine Chemicals Business Unit

KAYAKU CHEMICAL (WUXI) CO., LTD. General Manager: Makoto Uchida

KAYAKU CHEMICAL (WUXI) CO., LTD. (KCW) was established in 2002 as a wholly-owned subsidiary of Nippon Kayaku and specializes in the manufacture and sale of photocurable resins for electrical good components. We currently sell resins for semiconductor encapsulation and high-frequency circuit boards, while also handling LCD and semiconductor cleaners. Our business expansion approach to the Chinese market is one of local production and consumption. Rapid economic expansion in China has spawned environmental and other issues which increase the harshness of the environment in which businesses operate. Against that backdrop has sustainable management assumed extra importance in the quest to continue and develop our business. At KCW, we believe it is paramount that each and every employee seek to realize the KAYAKU spirit and implement sustainable management by acting in accordance with the Nippon Kayaku Group Charter of Conduct and Code of Conduct. With each employee's actions based on a firm ethical grounding and understanding of local culture, history and business customs, we aim to continue gaining top marks from customers for value creation and contributing to society as a whole.



USA Fine Chemicals Business Unit

KAYAKU Advanced Materials Inc. President & CEO: Go Mizutani

KAYAKU Advanced Materials, Inc., (KAM), located in Westborough, Massachusetts, USA, delivers innovative special materials to the microelectronics market while paying heed to safety operations and the environment. We pour all our efforts into sincere and ethical business activities, strengthened governance, thorough compliance, respect for the environment and society, contributing to local communities through philanthropic activities, and responsible business management. We also offer our employees an innovative, safe and diverse work environment which is both comfortable and rewarding, and also value and encourage individual employee contributions and self-development. KAM's corporate value is created from thorough application of the KAYAKU spirit and responsible business actions. That, we believe, is how we deliver long-term value to our customers, employees, local communities, and the Nippon Kayaku Group.



Japan Fine Chemicals Business Unit

Teikoku Taping System Co., Ltd. President & CEO: Ichiro Tomonaga

Teikoku Taping System (TTS) tasks itself with the design, development, manufacture, sale and maintenance of semiconductor manufacturing equipment. The "TTS Values" outlined in our corporate philosophy are replete with crystal clear thoughts on the kind of company we should be, the objectives we should be working towards, and our basic management concepts. These TTS Values will form the backbone of an increased awareness of sustainable management and sustainability promotion, which we seek to apply to everything from everyday work to myriad other activities.



China Fine Chemicals Business Unit

WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. General Manager: Kazuhiko Kosano

WUXI ADVANCED KAYAKU CHEMICAL manufactures dyes for textiles, paper and inkjet printing based on a management policy of delivering human-oriented and environmentally-friendly products which satisfy our customers. In addition to tough Chinese requirements concerning environmental conservation and production safety, we also have to contend with increasingly challenging stipulations on carbon neutrality. As such, we will continue conserving energy, reducing wastewater and cutting waste output from our production processes while devoting maximum attention to improving the workplace environment for all employees. Through providing highly safe Bluesign®-certified dyes and increasing our lineup of products which help customers reduce their environmental impact and conserve energy and resources do we aim to take steps towards a sustainable society.



China Fine Chemicals Business Unit

Shanghai KAYAKU International Trading Co., Ltd. General Manager: Yo Iwasaki

Shanghai KAYAKU International Trading CO., Ltd. is involved in the sale of pigment-related products, such as textile dyes, inkjet ink and thermal developers to the Asian market, with the focus placed on China. The textiles industry has recently not only strengthened its workplace safety regulations but introduced tougher standards on the safety of raw materials, including dyestuffs. Such moves bring added demands for water resource conservation in the supply chain and working environment improvements. By not merely stopping at providing safe and reliable products, but through continually providing various solutions for problem-solving and production process streamlining, we are helping our customers reduce wastewater, save energy and improve their productivity. Furthermore, printing industry moves towards eco-friendly digitalization allow Nippon Kayaku to utilize one of its strengths in the form of water-based pigment inks to contribute to a sustainable world.



Thailand Fine Chemicals Business Unit

NIPPON KAYAKU (THAILAND) Co., Ltd. President and Representative Director: Tetsuya Tomita

Established in 2018, NIPPON KAYAKU (THAILAND) mainly sells Fine Chemicals Business Unit products to the ASEAN and South Asian markets, and handles the procurement of raw materials and intermediary purchasing from the same region, as well as surveys of related local markets. All staff will be united in our stance on compliance as we seek to provide yet safer materials with energy-saving potential, and significantly contribute to the ASEAN and South Asian region as a whole.



Japan Life Science Business Unit

NIPPONKAYAKU FOOD TECHNO CO. LTD. President and Representative Director: Tomomasa Tsuchibuchi

NIPPONKAYAKU FOOD TECHNO concerns itself with the manufacture and sale of food-quality preservatives, such as ethanol preparations and oxygen adsorbers, as well as health food ingredients such as chitosan. With sustainable management as our bedrock, we aim to make yet bigger contributions to society through delivering excellent products and high-value service from the mission standpoints of "Food Safety" and "Food and Health." Our food-quality preservatives aim to reduce food waste, while our health food ingredients aim to deliver "healthy lifestyle proposals through food." In order to realize the KAYAKU spirit as a Nippon Kayaku Group member, we will prioritize safe operations, proper compliance, and environmental considerations. With high ethical standards shall every employee follow the Group's Charter of Conduct in our quest to repay the trust and expectations of our customers.



Taiwan Life Science Business Unit

Taiwan Nippon Kayaku Co., Ltd. General Manager: Takehiro Hasegawa

Taiwan Nippon Kayaku Co., Ltd. is chiefly involved with the promotion of products and conducting of market surveys in the life science and fine chemicals business fields. For many years, we have contributed to the Taiwanese healthcare and manufacturing industries through the supply of drugs and functional materials.

Against a backdrop of global upheaval due to various international affairs, the demands and expectations of society and customers are changing by the moment. By responding flexibly to business environment changes under the KAYAKU spirit, and uniting all employees behind sustainable management, we shall continue to provide all our stakeholders with prosperity and peace of mind.



Japan Wako Toshi Kaihatsu Co., Ltd. President and Representative Director: Kenichiro Yoshioka

Wako Toshi Kaihatsu primarily conducts two types of real estate business: (1) leasing the commercial building facilities in our possession to hypermarket businesses and (2) leasing our three company-dormitory-style buildings in the capital region to Nippon Kayaku. Through this business do we aim to play a part in providing people with food, clothing and shelter, bring smiles to those who live and work under our roofs, and be seen as a necessary presence in the eyes of our customers. We will also work towards aligning our vectors with those of our client business partners in a bid to solve social problems, and promote both thorough compliance and sustainable management under the KAYAKU spirit. Specifically, we are taking steps to increase the value of our real estate assets by providing our users with better comfort, health and safety through: (1) upping energy efficiency and resource efficiency through the use of low energy devices and durable materials, and (2) installing and strengthening our facilities' infrastructure and disaster prevention equipment.



Approach

Corporate Vision

KAYAKU spirit

Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience.

Through the implementation of sustainable management guided by our KAYAKU spirit, we at the Nippon Kayaku Group are aspiring to create both environmental and social value in our quest to realize a sustainable society and increase corporate value.

◆ Origins of the KAYAKU spirit

1916: Company established

1962: Company creed determined

1962 saw our company creed decided upon by our third president, the long-serving Yasusaburo Hara, who wished to simply convey to both executives and employees the important ideas they should jointly share.



Nippon Kayaku Group Charter of Conduct and Code of Conduct

To make the KAYAKU spirit a reality, we have fixed a [Nippon Kayaku Group Code of Conduct and Charter of Conduct](#) to define our scope and boundaries for action. We are thus, through various corporate activities, showing respect for basic human rights, performing proper compliance, conducting business fairly, and repaying the trust of our stakeholders.

Basic Policy on Sustainable Management

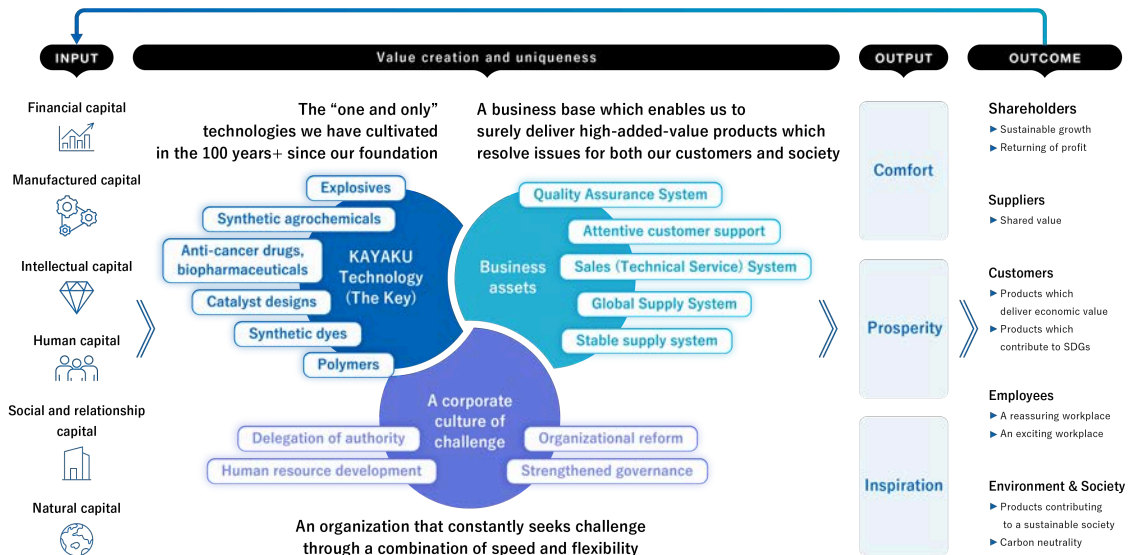
Basic Policy on Sustainable Management

Under its corporate vision, the KAYAKU spirit, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities.

The Nippon Kayaku Group's Value-creation Process

Sourced by financial, manufactured, intellectual, human, social and relationship and natural operating capital, the Nippon Kayaku Group, under a corporate spirit of challenge, utilizes its unique and long-cultivated business asset of "KAYAKU Technology" to contribute towards solving social issues in the fields of comfort, prosperity and inspiration through the creation of new products with high added-value.

Reinvestment of profits and cash flow yielded from our business activities into R&D, human resource development and the strengthening of our business base can aid further value creation. And amid this value-creating environment do we contribute towards realizing a sustainable environment and society while aiming for medium-to-long-term growth.



Company-wide Diffusion

When it comes to our corporate vision and sustainable management policies, the Nippon Kayaku Group utilizes a variety of communication tools to deepen employee understanding and achieve group-wide permeation. Such communication tools include: Business Management meetings, Medium-term Management Strategy meetings, group training sessions such as those for new recruits and new managers, e-learning, and company bulletins.

In conjunction with the 2022 launch of our Medium-term Business Plan, we released explanatory pamphlets on our corporate vision, sustainable management, and the Nippon Kayaku Group Human Rights Policy. We also created pocket cards and notice boards emblazoned with our Group's corporate vision and a statement on the ideal form we are working towards, which can therefore be checked at any time. Thus do our diffusion efforts aim at achieving a situation whereby decisions and actions are fully based on our corporate vision and ideal future form.

The contents of our pamphlets, pocket cards and notice boards have been translated into the language of every overseas country hosting a Nippon Kayaku manufacturing base (English, Chinese, Spanish, Malaysian and Czech) and distributed to all Group executives and employees.

By diffusing our corporate vision and sustainable management policies to employees with a diverse array of jobs across the world - be they working in manufacturing, development, sales or management - can we aim for a style of Group management with a greater unity of purpose.

Development Activities & Training Chart

Training type	Main contents	Chiefly targeted at	FY	Format	Number of times	Take-up rate
Sustainability training	Corporate Vision and Sustainable Management, Nippon Kayaku Group Human Rights Policy, KV25 Materiality, Anti-corruption, Natural Capital and Business, DE&I	Executives, employees, (including contract and part-time employees), temporary employees	2025	e-learning	6	86% (average)
New hire training*	About Nippon Kayaku Group Sustainable Management, Climate Change Measures, Respect for Human Rights	New recruits	2025	Group training	1	100%
New manager training*	About Nippon Kayaku Group Sustainable Management, Climate Change Measures, Respect for Human Rights	New managers	2025	Group training	2	100%

* Held annually

KAYAKU spirit Diffusion Activities with the aid of Kayaku-ma

For the purpose of getting all of our globalizing Nippon Kayaku Group employees to easily familiarize themselves with the KAYAKU spirit, we have created a KAYAKU spirit Diffusion Mascot: Kayaku-ma. Kayaku-ma now appears in our company bulletins, adding to our reader-friendly visual explanations of model sustainability activities and exemplary implementation of our corporate vision. And our efforts to ensure Kayaku-ma – the embodiment of our corporate vision – is never far away from employee eyes have included putting him on memos, plastic files, meeting room entrances and lockers. Kayaku-ma is already a registered trademark, and, as a Nippon Kayaku Group mascot, appears on company advertising and even on novelty goods at company festivals.

> [Kayakuma's Room](#) 



Diffusion Mascot Kayaku-ma



Meeting room and locker

Key Sustainability Issues (Materiality)

Identifying Materiality

In order to realize our KAYAKU spirit corporate vision of “Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences,” we are creating environmental, social and economic value while aiming for the twin goals of improving corporate value and realizing a sustainable society.

To cover the period FY2026 to FY2035, the Nippon Kayaku Group has fixed its Long-term Management Plan: Evolution2035. Containing accurate perceptions of upcoming environmental and societal changes, the plan pursues value creation from the starting points of KAYAKU Technology, human resources and business assets. It also aims to deliver in tandem, through advances in our corporate spirit of challenge, solutions to social issues and sustainable corporate value creation.

Noting relevance to business operations and environmental changes of both an internal and external nature, we are identifying the key companywide (Materiality) issues likely to affect our medium-to-long-term improvements in corporate value. We have also reassessed our Materiality by incorporating a “Double Materiality” perspective, and aligned this with the commencement of our long-term management plan. Such a reassessment has seen us identify both “Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (Financial Materiality) and “the Nippon Kayaku Group’s Impact upon the Environment and Society” (Impact Materiality) as the Materialities we should tackle, and incorporate both aspects into our plan’s basic strategy.

We perceive Materiality as an important element behind heightening business sustainability and contributing to expanded profits. Through planning for the compatibility of creating environmental and social value with the generation of economic value shall we realize both a sustainable society and improved corporate value.

Environment	Social	Governance
- Climate Change Response - Natural Capital Conservation	- Product Safety, Patient Safety and Security (including Anti-Corruption) - Community Safety and Security - Promoting Human Capital Management - Promoting Responsible Supply Chain	Risk Management

Materiality: The Identification Process

Based on a synthesis of internal and external viewpoints, the Nippon Kayaku Group has accurately ascertained the issues confronting it and, to respond to stakeholder expectations and demands, made its first identification of Materiality in FY2019. Since then, a Materiality reassessment has been made in FY2022, while FY2025 has seen a further reappraisal conducted from a Double Materiality standpoint. To Nippon Kayaku, Materiality means considering changes in the business environment and social affairs alongside changing stakeholder demands, and conducting continuous reassessments so that our Group Materiality is relevant to the times and capable of addressing social issues.

Step1: Extracting and Organizing Social Issues

When exploring a reassessment of Materiality, we referred, among other materials, to the sources below, including items on disclosure requests within the Sustainability Information Disclosure Guidelines and ESG Evaluation Criteria for Accrediting Institutions, thereby gaining a better grasp of environmental and social issues, societal changes, and stakeholder demands. We thus extracted the environmental and social issues deemed important for observation by stakeholders and investors, classified and organized them into themes, and drew together some 26 candidate themes.

◆ Multi-stakeholder viewpoints

- WEF (The World Economic Forum) which produces an annual Global Risk Report
- Cefic (European Chemical Industry Council) and its Sustainable Development Indicators
- WBCSD (World Business Council for Sustainable Development) and its Vision 2050 Project covering issues related to corporate spheres of activity
- ESRS (European Sustainability Reporting Standards)

◆ Investor viewpoints

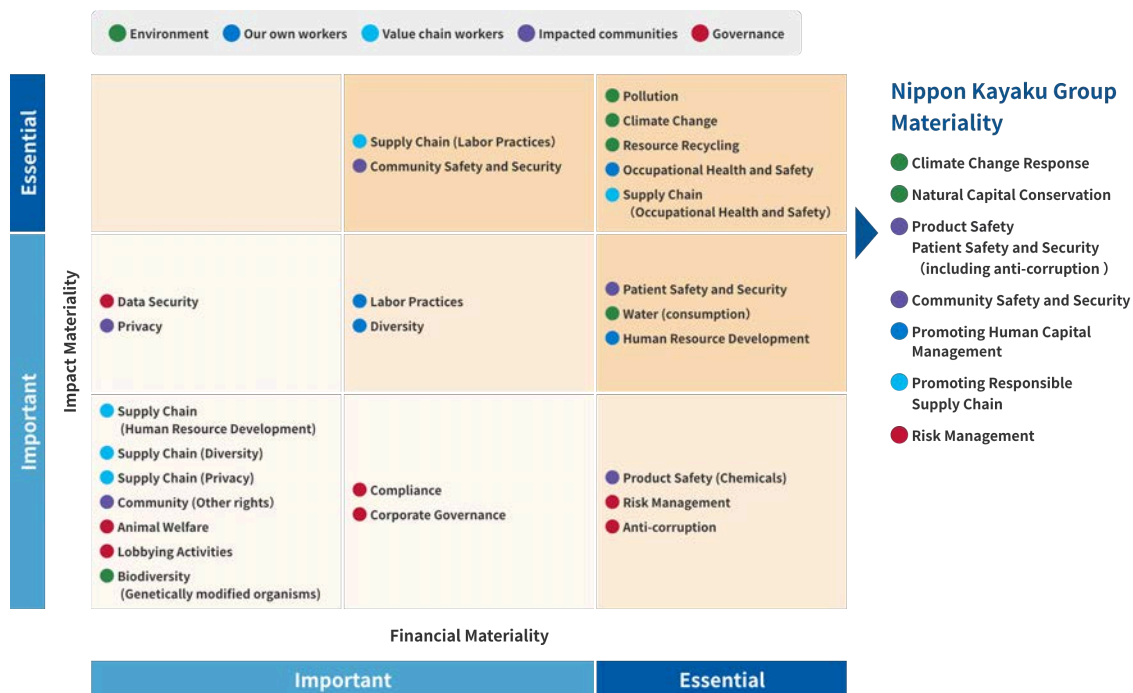
- SASB (Sustainability Accounting Standards Board)
- ESG Evaluation Criteria for Accrediting Institutions (FTSE, MSCI, Sustainalytics)

Step2: Evaluating Importance and Identifying Priorities

Our 26 candidate themes were examined through the medium-to-long-term lenses of “The Nippon Kayaku Group’s Impact on the Environment and Society” (both positive and negative) and “Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (both risks and opportunities), thereby enabling us to systematically ascertain and analyze the likely impacts on our Group.

Having used the analysis to determine the importance of each theme, we evaluated and mapped out our twin axes of “The Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (Financial Materiality) and “The Nippon Kayaku Group’s Impact upon the Environment and Society” (Impact Materiality). Consequently, we could narrow down our items of highest importance to 15 “Materialities”, before grouping related social issues together to finish with 7 core Materialities.

◆ Materiality Matrix



Step3: Deciding on Materiality

The identified Materialities, and indicators and targets for each, were assessed for reasonability and subsequently decided upon by our Sustainable Management Meeting and Board of Directors.

Environmental and Social Impacts, Risks & Opportunities, Indicators & Targets

With medium-to-long-term growth in corporate value set as its target, the Nippon Kayaku Group analyzes both the positive and negative impacts it has on the environment and society, as well as the risks and opportunities arising from environmental and societal impacts on the Group itself. Our Long-term Management Plan: Evolution2035 fixes indicators and targets for each Materiality, and ensures annual progress reviews and discussion of issues take place under the relevant director responsible. The results of our FY2025 Sustainable Action Plan can be seen below.

Environment



Climate Change Response



Environmental and social impact

Climate change driven by GHG emissions can give rise to significant impacts on society including environmental degradation and adverse health effects. On the other hand, reducing GHG emissions through the introduction of renewable energy and equipment upgrades can enable contributions towards reducing environmental burdens and lessening climate change impact on everyday lives.

Risks and opportunities

Risks

- Strengthened GHG emission regulations increase costs in the form of compliance-related investments, carbon pricing, and higher raw material outlays
- Increasingly severe natural disasters trigger heightened response costs and value chain disruption, leading to difficulties in raw material procurement and customer operational disruptions, resulting in declining overall sales

Opportunities

Meeting expanded demand for products that aid decarbonization may create opportunities for increased sales and business growth

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
GHG emission (Scope1+2) *Compared to FY2019	36% reduction	64% reduction	Consolidated

Initiatives to reduce risks and expand opportunities

- Promoting energy-saving activities and climate change mitigation measures to help us achieve our FY2030 environmental targets
- Clarifying our response strategies through systematically identifying and organizing our technical, business and investment challenges in pursuit of carbon neutrality by FY2050

● Related Information

> [Climate Change](#)

Director Responsible:

Director in Charge of Technology Unit

Related SDGs:





Environmental and social impact

Emissions of waste and hazardous chemicals during manufacturing and processing activities within our operations and across the value chain can contaminate air, water quality and soil, and bring the possibility of harmful effects on ecosystems and human health. Additionally, increased environmental burdens stemming from water withdrawal and wastewater discharge can lead to local water resource depletion, adverse health impacts on local communities, and local landscape degradation. On the other hand, improvements to the manufacturing process can facilitate more efficient resource use and reduced waste generation, thereby contributing to lightening environmental burdens.

Risks and opportunities

Risks

- Strengthened environmental regulations lead to operational restrictions and increased compliance costs, leading to reduced profitability
- Violations of environmental laws bring increased litigation expenses
- Securing safe water resources becomes increasingly difficult, bringing increased procurement expenses

Opportunities

Promoting waste reduction and recycling can create opportunities to improve resource efficiency and achieve cost reductions

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Major Environmental Accidents	0 cases	0 cases	Consolidated
Environmental Law Violations	0 cases	0 cases	Consolidated
Recycling Rate	82% or higher	85% or higher	Non-consolidated
Zero-emissions Rate	0.8% or less	0.6% or less	Non-consolidated
VOC Emission *Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated
Waste generation *Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated

Initiatives to reduce risks and expand opportunities

- Enhancing transparency regarding the environmental burdens of business activities, promoting continual reductions in environmental burdens groupwide, and exploring ways to recycle rare metal raw materials
- Integrated management of environmentally-related data linked with indicators and targets to construct a management foundation that supports environmental burden reduction and sustainable growth
- Utilization of the TNFD Locate-Evaluate-Assess-Prepare (LEAP) approach to evaluate the dependencies and impacts on natural capital and biodiversity for each business unit. Based on analysis results, identifying priority response areas with regard to regional characteristics

Related Information

- > [Preventing Pollution](#)
- > [Effective Use of Resources](#)
- > [Natural Capital and Biodiversity](#)

Director Responsible:

Director in Charge of Technology Unit

Related SDGs:





Product Safety, Patient Safety & Security (including anti-corruption)



Environmental and social impact

- Quality issues can threaten the health and safety of our own employees and business partners
- Insufficient product information, drug development delays and supply instability, biased promotions to healthcare professionals, and the distribution of counterfeit drugs can risk harmful effects on patient safety and health. On the other hand, rapid provision of drugs in emergencies, and development and sale of drugs for children, can enable us to contribute to patient health recovery, children's health improvements and enhanced wellbeing all round
- Corrupt practices in high-corruption-risk regions may lead to rights violations and unfair business practices which adversely affect stakeholders. On the other hand, fostering a culture of corporate ethics and compliance can guard against unjust use of corporate assets and help suppress corrupt practices

Risks and opportunities

Risks

- Quality issues trigger recall and litigation risks
- Insufficient product information and quality or supply issues alienate customers and attract public criticism, resulting in reputational damage and consequent reduced sales, as well as additional costs connected to regulatory compliance and litigation
- Inadequate anti-corruption measures result in increased costs in fines, business disruptions and higher costs, as well as decreased sales resulting from reputational damage and loss of customer trust

Opportunities

- Delivery of safe and high-quality products should present chances to gain the trust and support of customers and business partners
- Stable supply in emergencies and contributions to child health can enhance our corporate reputation and brand value, leading to increased sales

◆ Product Safety, Patient Safety and Security

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Number of serious complaints *Losses of JPY 10 million or greater	0 cases	0 cases	Consolidated
Number of Major Quality Process Abnormalities *Losses of JPY 10 million or greater	0 cases	0 cases	Consolidated

Initiatives to reduce risks and expand opportunities

- So as to forestall human error, strengthening links both inside and outside the workplace, based on a culture of "awareness" and "dialogue"
- Establishing a Quality Assurance System that flexibly responds to changes in the external environment while ensuring compatibility between customer satisfaction and compliance
- Building a robust Quality Assurance System that can flexibly respond to change while promoting continuous improvements

● Related Information

➤ [Quality and Customer Safety](#)

Director Responsible:

Director in Charge of Business Unit, Chair of the Risk Management Committee

◆ Anti-Corruption

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Employee Disciplinary Actions, Dismissals, Fines and Penalties Related to Anti-Corruption Policy Violations	0 cases	0 cases	Consolidated
Number of Significant Compliance Violations reported through the Compliance Hotline by Business Partners	0 cases	0 cases	Consolidated
Training take-up rate	100%	100%	Consolidated
Corrective Action Completion Rate for Internal Audit Findings	100%	100%	Consolidated

Initiatives to reduce risks and expand opportunities

- Planning and implementing anti-corruption training and providing thorough education and awareness on gift-exchange policies and entertainment
- Periodically verifying the effectiveness of our anti-corruption system through internal audits, the results of which feed in to continuous improvements

● Related Information

➤ [Anti-Corruption](#)

Director Responsible:

Director in Charge of Internal Control Management Division

Related SDGs:





Environmental and social impact

Raw material sourcing and the construction of manufacturing facilities may adversely effect the living environment, local heritage, and physical and mental health of local communities and Indigenous peoples. There is the additional possibility that an environment worsened by pollution can lead to adverse health impacts and, in severe cases, loss of life

Risks and opportunities

Risks

- Leakage of pollutants during raw material sourcing and manufacturing activities harms both the local environment and public safety, resulting in public criticism and litigation costs, reputational damage and diminished sales
- Suppliers discovered to be handling conflict minerals trigger operational suspensions, regulatory penalties, public criticism, litigation costs and reduced sales
- Damage to the local living environment entails public criticism and the need to handle litigation, thereby causing reputational damage and reduced sales

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Fires, Explosions, External Chemical Releases	0 cases	0 cases	Consolidated
Implementation of dialogue activities at all manufacturing sites	Once or more per year	Once or more per year	Consolidated

Initiatives to reduce risks and expand opportunities

- Thoroughly complying with the basic rules pertaining to the environment, health and safety (EHS), and responding promptly and precisely to laws and regulations as well as external requirements
- In the handling of highly hazardous chemicals, continuously improving our measures to reduce both worker exposure and environmental risks to local communities
- Strengthening our safety operation foundations at manufacturing sites and contributing to the sustainable development of local communities

● Related Information

> [Work Safety & Health ; Health Management](#)

Director Responsible:

Director in Charge of Technology Unit, Chair of the Risk Management Committee, Director in Charge of General Affairs Division

Related SDGs:





Environmental and social impact

- Occupational Health and Safety: Accidents involving employees at manufacturing sites may adversely affect employee health and wellbeing
- Human Resource Development: Underinvestment in human resource development leads to stagnated technological innovation, decreased competitiveness and declining sales
- Labor Practices: Long working hours and harassment can detrimentally affect employee physical and mental health, leading to increased medical costs, poor mental condition, and declines in wellbeing
- Diversity: The provision of an inclusive workplace environment and accessible facilities combined with the creation of a diversity-respecting workplace free from discrimination should not only bring about expanded employment opportunities for people with disabilities but contribute positively to workplace comfort, wellbeing, communication, engagement and motivation

Risks and opportunities

Risks

- Occupational Health and Safety: Accidents occurring at manufacturing sites lead not only to declines in productivity and sales but compensation claims and litigation expenses, and increased oversight costs associated with maintaining workplace safety
- Human Resource Development: Underinvestment in human resource development leads to stagnated technological innovation, decreased competitiveness and declining sales
- Labor Practices: Long working hours and workplace harassment bring increased recruitment costs due to higher employee turnover, declining sales stemming from decreased work productivity, and extra costs in the form of litigation and penalties
- Diversity: Workplace discrimination causes a skewing of skills and perspectives, leading to lost new business opportunities and reduced profits

Opportunities

- Human Resource Development: Development of highly specialized talent for research, technical, and digital integration fields should promote technical innovation and diversity of values, thereby leading to improved productivity and sales
- Diversity: The fostering of a workplace in which diverse talent can perform presents the opportunity to improve worker motivation and productivity, which should feed into increased sales

◆ Occupational Health and Safety

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Serious Accidents and Disasters	0 cases	0 cases	Consolidated

Initiatives to reduce risks and expand opportunities

- Through expansion and periodical implementation of Environment, Health and Safety (EHS) Inspections, enhanced workplace interviews and evaluations by external experts, we will plan for early risk detection and accelerate corrective actions to drive up health and safety standards
- Through utilizing AI, we shall rely on past cases and studies as well as real-time monitoring to automatically detect latent risks, identify hazards and prioritize response measures, and thereby enable continuous health and safety management

● Related Information

➤ [Work Safety & Health](#) ; [Health Management](#)

Director Responsible:

Director in Charge of Technology Unit

◆ Human resource development

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Next-Generation Leadership Talent	120	130	Non-consolidated
Digital Talent	240 (10%)	480 (20%)	Non-consolidated
Financial Strategic Planning Talent	59	64	Non-consolidated
Global Talent	360 (15%)	480 (20%)	Non-consolidated
Training Investment per Employee	JPY 100,000	JPY 200,000	Non-consolidated
Next-Generation Management Candidate Training Completion Rate	100%	100%	Non-consolidated

Initiatives to reduce risks and expand opportunities

● Key Medium-to-Long-Term (3-to-10-year) Initiatives

Through optimizing our human resources portfolio and continuous strengthening of investment in education and training, we will strategically develop highly specialized talent in the leadership, digital, financial and global fields, and achieve both business growth and social value creation

● Key Initiatives Towards FY2028

Defining the talent requirements linked with management strategy and using systematic selection, development and posting to forge the foundation of our talent for next-generation leadership and strategic growth areas

● Related Information

➤ [Human Resources Development](#)

Director Responsible:

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

◆ Labor Practices**Indicators and targets**

Indicator	FY2028 Target	FY2035 Target	Scope
Number of labor law violations	0	0	Consolidated
Average Monthly Overtime hours	10 hours or less	10 hours or less	Consolidated
Number of employees Working more than 45 hours of overtime per month	0	0	Consolidated
Consultation Hotline Awareness Rate	100%	100%	Consolidated

Initiatives to reduce risks and expand opportunities**● Key Medium-to-Long-Term (3-to-10-year) Initiatives**

Based on the establishment of a labor management system grounded in compliance and respect for human rights, we will embed respect for human rights and psychological safety within our corporate culture, and deliver sustainable labor practices that emphasize transparency and continuous improvement

● Principal initiatives towards FY2028

Via thorough compliance and personnel management, we shall establish the foundation for a safe, comfortable and supportive workplace free from long working hours and harassment

● Related Information

> [Human Capital](#)

Director Responsible:

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

◆ Diversity**Indicators and targets**

Indicator	FY2028 Target	FY2035 Target	Scope
Ratio of Female Directors	20% or higher	30% or higher	Non-consolidated
Ratio of Female Managers	10% or higher	30% or higher	Non-consolidated
Employment rate of persons with disabilities	2.7% or higher	3% or higher	Non-consolidated
Numbers of foreign national employees	68	107	Non-consolidated

Initiatives to reduce risks and expand opportunities**● Key Medium-to-Long-Term (3-to-10-year) Initiatives**

We will continue striving to engender a climate in which diversity is mutually accepted by all, and where all roles and responsibilities can be easily performed to the fullest potential. We shall also endeavor to become an organization which can implement systematic talent rotation as a standard practice, and where diversity no longer becomes an issue

● Principal initiatives towards FY2028

Through the ZENKATSU initiative already well underway, we will move forward with preparing a workplace environment oriented towards employment opportunity creation and improved employment rates, and in which an inclusive climate translate into measurable outcomes

● Related Information

> [Diversity and a comfortable working environment](#)

Director Responsible:

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

Related SDGs:



Environmental and social impact

Occupational accidents within supply chains and lack of access to clean water and sanitation facilities are liable to produce significant adverse effects on worker health, wellbeing and human rights. Additionally, supply chains exhibiting the problems of child or forced labor, unstable employment and working conditions, insufficient labor-management dialogue, restrictions on freedom of association, and usage of conflict minerals may lead to loss of education, freedom, health and economic resources. These issues may also exacerbate inequality and social instability, thereby significantly reducing worker wellbeing

Risks and opportunities

Risks

Identifying the presence of occupational accidents, defective sanitation environments, child and forced labor, unstable employment, inferior working environments, insufficient labor-management dialogue, restrictions on freedom of association and use of conflict materials within a supply chain causes declines in productivity and quality, disrupted operations, and heightening public criticism, in turn decreasing company sales, increasing costs and damaging reputation

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Sustainability Survey Response Rate	90% or higher	90% or higher	Consolidated
Establishment of a Supplier Human Rights Due Diligence Framework	Establish a risk assessment and management framework	Risks identified and addressed through a Human Rights Due Diligence System across all domestic and overseas sites.	Consolidated
Procurement Rate of Raw Materials Sourced with Environmental and Human Rights Considerations	Establish a risk assessment and management framework	100%	Consolidated
Monitoring of Supplier Occupational Accidents and Safety Training	Establish a risk assessment and management framework	0 occupational accidents 100% safety training implementation rate	Consolidated
Tier 1 Supplier Safety Training Completion Rate	Establish a risk assessment and management framework	100%	Consolidated

Initiatives to reduce risks and expand opportunities

● Medium-to-Long-Term (3-to-10-year) Initiatives

- Supplier-oriented due diligence to be conducted focusing on key identified risks, with audits to be carried out on suppliers in need of remedial measures
- Links to be forged with industrial bodies and external initiatives as we strengthen risk management capability across the entire supply chain
- In tandem with improving supplier assessment efficiency, we shall set up a grievance mechanism and clarify our grievance response process
- Establishment of an internal management framework and ensure that both comprehension and practical application of sustainable procurement permeates the entire organization

● Key Initiatives Toward FY2028

- Set up continuous evaluations of, and dialogue with, important suppliers
- Establish human rights risk management across the supply chain and identify high-risk raw materials so as to draw up and implement a relevant response strategy
- Build an internal management framework to ensure that understanding of sustainable procurement permeates the entire organization

● Related Information

> [Environmental and Social Considerations in the Supply Chain](#)

Director Responsible:

Director in Charge of Corporate Planning Division

Related SDGs:





Risk Management



Environmental and social impact

Instances where a manifested risk can neither be forestalled nor promptly or appropriately responded to may result in severe adverse impacts such as harm to society and human life, environmental damage and external losses caused by information leaks. On the other hand, forestalling of emerging risks, and delivering responses that minimize damage should those risks still occur, should enhance business resilience and trigger positive impacts through strengthened stakeholder trust

Risks and opportunities

Risks

Instances where a manifested risk can neither be forestalled nor promptly or appropriately responded to result in harm to society and human life, environmental damage, losses caused by information leaks, and business disruption or stagnation, undermining stakeholder trust

Opportunities

Strengthening our risk management framework enables us to forestall risks, or at least respond promptly and appropriately to them, thereby supporting business continuity. This should provide us with chances to both gain and increase stakeholder trust

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Risk Assessment Completion Rate	100%	100%	Consolidated
Risk Response Plan Development Rate	100%	100%	Consolidated
Number of Cases with a Risk Response Implementation Rate Below 80%	Fewer than 10	0	Consolidated
Corrective Action Completion Rate for Internal Audit Findings	100%	100%	Consolidated
Risk Management Process Compliance Rate	100%	100%	Consolidated
Risk Management Training take-up rate	100%	100%	Consolidated

Initiatives to reduce risks and expand opportunities

- Business unit risks and Top 5 Risks are subjected to continuous action planning, progress confirmation and reporting of results as we strive to increase risk response reliability
- Reliable operation of the risk management process through internal audits conducted in line with internal regulations, enhancing risk management effectiveness
- Promotion of risk management training for relevant employees, including at Group company level, raising organization-wide risk awareness and response capability

● Related Information

> [Risk Management](#)

Director Responsible:

Director in Charge of Internal Control Management Division

Related SDGs:

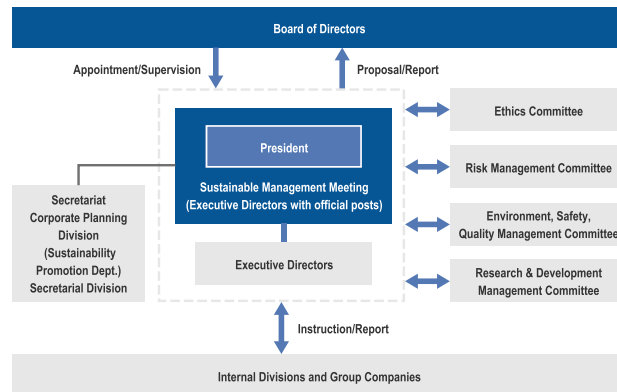


For the results of the FY2025 Sustainability Action Plan, please refer to the following.

> [FY2025 Sustainability Action Plan](#)

Sustainability Promotion System

Under the direct supervision of our Board of Directors, and via our Sustainable Management Meeting with our president as chair, the Nippon Kayaku Group is promoting sustainability across the entire organization. In principle, the Sustainable Management Meeting agrees to meet once a week to discuss and receive reports upon general matters related to the sustainability of the company, society and the environment. Matters approved by this Meeting are referred to the Board of Directors for further discussion. Operating under this Meeting are four committees on [Ethics](#); [Risk Management](#); [Environment, Safety and Quality Management](#); and [Research and Development Management](#). All committees meet on both a regular and ad hoc basis (when required), and their reports to the Sustainable Management Meeting serve to guarantee transparency and fairness in management.



➤ [Number of Committee Meetings Held](#)

Promoting Responsible Care

Message from the Executive Director in Charge

Under its basic principle of “Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences,” the Nippon Kayaku Group positions Responsible Care at the core of its management, and drives forward business activities that demonstrate due consideration of the environment, health and safety.

Recent years have seen a rapid increase in the importance of responding to biodiversity and natural capital alongside the more traditional issues of climate change mitigation and sustainable water resource use. In response to these challenges, we shall move forward with specific and continuous initiatives aimed at GHG emission reductions, improving energy efficiency, optimizing quantities of water used and enhancing wastewater management. These initiatives have already gained strong external recognition, with the CDP^{*1} awarding us its highest A-rank in the climate change field and an A-minus rank for water security.

We are also proactively engaged in upgrading information disclosures, not only following TCFD^{*2} recommendations for climate-related information but also commencing nature-related disclosures based on new TNFD^{*3} recommendations. Our comprehensive grasp of risks and opportunities is therefore not merely limited to climate change, but encompasses natural capital too, and we are moving ahead with initiatives to reflect this in management strategy.

Furthermore, practical application of Responsible Care does not stop with responses to the environment. We will also work on fostering a culture of safety, strengthening chemical substance management, and building relationships of trust with local communities. In similar fashion shall we redouble our efforts to maintain and improve the physical and mental health of employees, and increase wellbeing overall.

Making our initiatives more effective hinges upon the individual actions of every employee. We will therefore press on with efforts to create a daily workplace climate which reflects the fact that each employee perceives responsibility for the environment, health and safety as their own personal issue. Moving forward, just as before, under the principles of Responsible Care, shall the Nippon Kayaku Group seek compatibility between solving social issues and increasing corporate value, and contribute towards the realization of a sustainable society.

I kindly ask all our stakeholders for your continued understanding and support in this quest.

Yasuhiro Kato
Managing Director
In charge of Technology Unit



^{*1} CDP : Carbon Disclosure Project

An international NGO which requests disclosures of environment-related information (such as climate change measures, water resource conservation and forest conservation) from businesses and cities, examining and evaluating such disclosures, and operating a global information disclosure system.

^{*2} TCFD : Taskforce on Climate-related Financial Disclosure

^{*3} TNFD : Taskforce on Nature-related Financial Disclosures

Policy and Basic Approach

Our Declaration on the Environment, Health, Safety and Quality

Under the twin spirits of KAYAKU and Responsible Care, we have fixed our “Declaration on the Environment, Health, Safety and Quality,” which is geared towards guaranteeing environmental protection, safety and health, while maintaining and improving product quality. We shall show a united front in promoting these activities, and this declaration shall apply to every employee working for the Nippon Kayaku Group, including temp staff and subcontractors.

Our Declaration on the Environment, Health, Safety and Quality

Established: 1995-11-07

Revised: 2017-05-22

Revised: 2024-01-31

We, the Nippon Kayaku Group, based on the KAYAKU spirit of “Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences,” shall conduct business as a company which contributes to the achievement of a sustainable society that “safeguards the life and health of consumers and supports comfortable living.”

◆ Fundamental policies

1. We will strive to maintain and improve the environment, people's health and safety across the entire product lifecycle, from R&D to production, distribution, sales, recycling, and disposal.
2. We will strive to prevent pollution, protect biodiversity, and conserve the environment by promoting reduction and proper disposal of waste, reduction of resource consumption (of energy, water, and raw materials), and Climate change measures (toward reduction of greenhouse gas (GHG) emissions).
3. We will actively provide business partners with information needed for the safe usage and handling of our products and for conserving the environment.
4. We will enhance the quality of not only products, but operating processes as well, and also work to enhance customer satisfaction.
5. We will heighten employee knowledge and skills through education and training and achieve our goal of zero pollution, zero disasters, zero accidents and enhanced quality.
6. We will disclose information so that stakeholders correctly understand our business activities and also strive to engage in dialogue with local communities and government authorities.

Nippon Kayaku Co., Ltd.
President and Representative Director

^{*} Responsible Care: Refers to companies which either produce or handle chemical substances proactively taking measures which show consideration for the environment, safety and health, in every process extending from development, sale and use to disposal. Since its launch in Canada in 1985, Responsible Care has gained prominence worldwide, not least in Japan.

Responsible Care Targets

Under its motto of "Safety Over Everything Else," recognized by all employees, does the Nippon Kayaku Group thoroughly comply with both domestic and overseas laws, and actively work on preventative measures for accidents and disasters affecting both safety and the environment. Furthermore, in pursuit of realizing our KAYAKU Spirit corporate vision do all our employees drive forward Responsible Care activities based on our Declaration on Environment, Health and Safety, and Quality.

The Nippon Kayaku Group Responsible Care Targets have served as our basic approach since FY2019. Working from these have we conducted health and safety activities with an emphasis on unsafe actions based on the findings of 30-second inspections and fixed-point inspections. We have also promoted Environment, Health and Safety Audits with an emphasis on risk management, and are currently fixing targets centered on promotion of decarbonization with a view to achieving our overarching FY2030 Medium-term Environmental Targets.

We have shared and confirmed these targets with domestic group companies, and undertaken annual reassessments as we seek to advance continuous Responsible Care activities going forward.

Nippon Kayaku Group Responsible Care Targets for FY 2026

◆ 《Targets》

1. Occupational Health and Safety

- Serious accidents and hazards: 0
- Serious environmental accidents: 0
- Serious traffic accidents: 0

2. Evolution2035 Materiality: Reducing Environmental Burdens through Achievement of KPIs

Indicator	Scope	FY2026 Target	FY2028 Target	FY2035 Target
GHG emissions (Scope1+2) *Compared with FY2019	Consolidated	98,091t-CO ₂ or less (Reduction rate: 25% or more)	36% reduction	64% reduction
VOC emissions *Compared with FY2024	Consolidated	Per-unit emissions of 0.016 or less	1% per-unit reduction	3% per-unit reduction
COD emissions *Compared with FY2024	Consolidated	Per-unit emissions of 0.022 or less	—	—
Waste generation *Compared with FY2024	Consolidated	Per-unit emissions of 1.769 or less	1% per-unit reduction	3% per-unit reduction
Recycling Rate	Domestic	80% or more *including thermal recycling	82% or more	85% or more
Plastic Waste Recycling Rate	Domestic	80% or more	—	—
Zero-emissions Rate	Domestic	1% or less	0.8% or less	0.6% or less

➤ [Key Sustainability Issues \(Materiality\): Environmental and Social Impact, Risks and Opportunities; Indicators and Targets](#)

◆ 《Priority Initiative Issues》

1. Promotion of initiatives aimed at "zero accidents"; strengthening fire prevention

- ① Setting up onsite inspections based on risk assessment deep dives, and audits prioritizing responses to various laws and regulations
- ② Setting up 30-second inspections which establish priority themes and encompass all processes
- ③ Introducing a generative-AI-based safety evaluation system and preparing relevant upgrades for future safety management work
- ④ Promoting autonomous chemical substance management
- ⑤ Preparations against natural disaster risks and emergency situations (guaranteed set up of drills for emergencies, evacuations, general disaster-prevention and lifesaving)
- ⑥ Communicating results of Responsible Care activities and challenges to external bodies (applying for external certification)

2. Workplace Improvements to Occupational Health and Safety

- ① Preparation of workplaces which take into account the characteristics of older workers (an age-friendly workplace)
- ② High-stress workplaces ascertained and targeted for follow-up actions via Stress Check Structure Analysis
- ③ Establishment and operation of a health check results database
- ④ Promotion of health management
 - Kenko Investment for Health Accreditation maintained
 - Specific Health Guidance take-up rate of over 30%
 - Health event participation rates of over 60%

3. Promotion of Activities aimed at achieving Environmental Targets

- ① Solid implementation of our transition plan aimed at achieving 2030 Environmental Targets
- ② Implementation and continuation of risk reduction measures in high-flood-risk regions
- ③ Strengthening climate-change-related disclosures to external bodies
 - Maintaining our CDP^{*1} assessment (for Climate Change and Water Security)
 - Establishing indicators and targets based on TNFD^{*2} boundary extensions, risks and opportunities, and clarification of dependencies and effects
 - Clarification of issues via gap analysis with an eye on post-2030 SSBJ^{*3} disclosures

*1 CDP: Carbon Disclosure Project

An international NGO which requests disclosures of environment-related information (such as climate change measures, water resource conservation and forest conservation) from businesses and cities, examining and evaluating such disclosures, and operating a global information disclosure system.

*2 TNFD: Taskforce on Nature-related Financial Disclosures

*3 SSBJ: Sustainability Standards Board of Japan

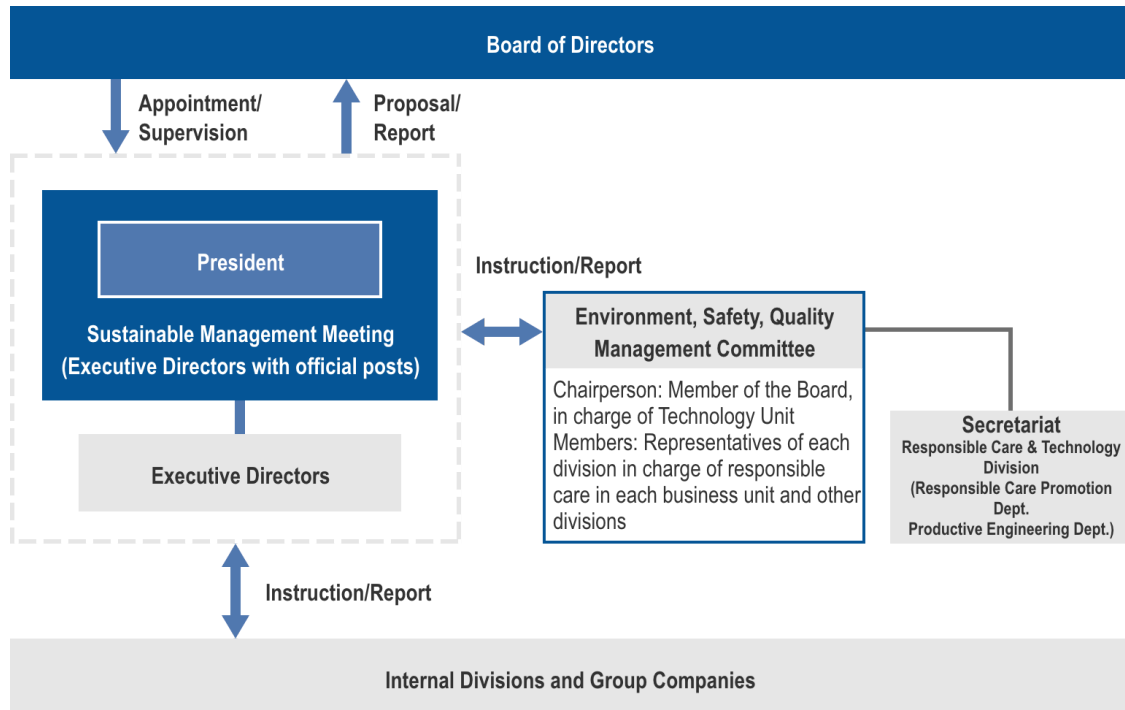
Based on the International Financial Reporting Standards (IFRS), these serve as the Japanese version of the disclosure standards laid down by the International Sustainability Standards Board (ISSB) which enable companies to disclose their sustainability information to financial statement standards.

System

Our Group's Responsible Care Activities are coordinated by the Committee for Environment, Safety and Quality Management, set up as an advisory body to the Sustainable Management Meeting chaired by our President.

This Committee is comprised of persons in charge of Responsible Care Activities from each business unit, as well as managers from each section of our General Administration Department, which is unattached to any business units. The Committee's remit is to discuss the status of Responsible Care-based activities as well as any problems arising from them and how to respond, and to deliberate policy proposals for the next financial year and for the resolution of climate-change related matters. The results of its discussions are reported to the Sustainable Management Meeting.

Our Environmental Protection & Safety Division, meanwhile, conducts Environmental, Health and Safety Audits of each business site and group company as an organizational activity, and reports the results to the Committee for Environment, Safety and Health Management.



Responsible Care Audits

◆ Basic Approach

Based on the Annual Responsible Care Plan, the Nippon Kayaku Group conducts internal audits of each business site and a section of Group companies in the form of Environment, Health and Safety Audits. These audits represent a structure for ascertaining whether business activities are indeed showing due consideration to the environment, safety and health, and promoting improvements in response to problems detected. Specifically, these Checks involve inspecting items related to Responsible Care, environmental conservation, disaster prevention, distribution safety, biodiversity, occupational safety, compliance, proper health management, and management of chemical substances, and providing relevant improvement advice and suggestions. By enabling us to prevent compliance violations and unjust or erroneous practices, and devise improvements in the fields of the environment, health and safety, these audits help to build, maintain and improve the Nippon Kayaku Group's internal control system.

◆ Management System

Environment, Health and Safety Audit Team

Our Team is comprised of Responsible Care & Technology Division managers (Team Leaders), Responsible Care & Technology Division Responsible Care Promotion Dept. members (inspection team and office staff), and Labor Union Head Office staff.

Items to be checked

- Status of Responsible Care Activities via the Responsible Care Progress Confirmation Chart
- Implementation status of risk management concerning production processes and high-hazard-risk equipment
- The effects of responses and recurrence prevention measures for past accidents and hazards
- Area inspections (30-second patrols and fixed-point inspections)
- The storage and management situation for chemical substances
- The Environment, Safety and Health system and compliance status for related laws and regulations
- Other necessary items related to Responsible Care

Locations to be checked

- All Nippon Kayaku business sites (7 plants, 3 research labs, 2 offices, 3 other bases)
- Domestic Group companies (3 onsite, 1 offsite)
- Overseas (China-based) Group companies (3 companies)

Frequency of checks

We conduct audits every 1-2 years based on the size of the business site in question and the previous year's inspection results. Depending on inspection result contents and the subsequent situation, we may also stage follow-up checks. (In the event, none were conducted in FY2025).

Reporting of Inspection Results

We provide inspection result feedback on the following categories.

- Good points: Excellent initiatives which can serve as reference points for other business sites and the rest of the Group
- Points raised: Items carrying risks related to accidents, hazards, environmental incidents, and compliance violations
- Points noticed: Items which demand improvements in initiatives concerned with safety and health, environmental conservation and compliance
- Suggestions: Items which pose no problem at present, but with the implementation of a suggestion or two could deliver even better initiatives in terms of environment, safety and health.

Inspection results are reported to the business site or Group company inspected, related business units, the Environment, Safety and Quality Management Committee, and the Audit Division. In response, the inspected business units and group companies will address any problems discovered by undertaking systematic improvements in the form of PDCA cycles.

◆ Targets and Results

Environment, Health and Safety Audit Results (Number of bases inspected)

Business Units examined; Group companies		2022	2023	2024	2025
Plants		7	7	7	6
Research labs • Offices		4	1	1	1
Domestic Group companies	Onsite	3	3	3	3
	Offsite	1	1	1	0
Overseas Group companies *		3	1	2	2
Total		16	13	14	12

* Checks for Overseas Group companies have been conducted via an online meeting system involving a Responsible Care Progress Confirmation Chart only.

FY2025 Inspection Results (Number of points raised at the 12 bases inspected)

Areas	Responsible Care Progress Confirmation Chart, Responses to legislation, Base inspections etc.
Good points	35
Points raised	10
Points noticed	96
Suggestions and requests	85

Initiatives

- [Environmental Management](#)
- [Climate Change](#)
- [Management of Chemical Substances](#)
- [Preventing Pollution](#)
- [Effective Use of Resources](#)
- [Water Resource Conservation](#)
- [Natural Capital and Biodiversity](#)
- [Work Safety & Health ; Health Management](#)
- [Quality and Customer Safety](#)

External Initiatives

At the Nippon Kayaku Group, we believe not only in conforming to international standards but in the importance of collaborating with a variety of institutions and businesses. That's why we are proactively participating in initiatives both inside and outside Japan as we work to promote the pathways towards a sustainable society.

Contribution to the SDGs

The Sustainable Development Goals (SDGs), unanimously adopted by United Nations Members, represent the 17 social, economic and environmental targets that institutions, organizations and bodies must strive to meet by FY 2030 in order to construct a sustainable world.

The thinking behind these SDGs is practically synonymous with the Nippon Kayaku Group's corporate vision, expressed as: "Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience." We therefore believe that, although the scale and targets are different, the corporate activities undertaken to realize the KAYAKU spirit are very much aligned with the SDGs. The Nippon Kayaku Group thus advances its business activities in lockstep with each Materiality and SDG. Further details and progress reports on initiatives pertaining to each Materiality are disclosed in our [Sustainability Action Plan](#). In addition to creating environmental, social and economic value, and aiming for a sustainable society in tandem with increased corporate value, we will also contribute towards achieving the SDGs.



External Initiatives Joined

Initiative title	Participation period	Scale	Relationship with corporate principles and the path to approval
 UN Global Compact WE SUPPORT	2021	Groupwide	Guided by its KAYAKU spirit corporate vision, the Nippon Kayaku Group is seeking to deploy sustainable management to create environmental, social and economic value in its quest to help realize a sustainable society and boost corporate value. The UN Global Compact demands that all companies actively and proactively engage in the promotion of sustainable activities through incorporating its ten principles across four fields (human rights, labor, environment and anti-corruption) into their daily operations and strategies. The Nippon Kayaku Group works towards the above as a member of the Global Compact Network Japan (GCNJ), the Japan-based network for the UN Global Compact. Our seats on GCNJ's themed subcommittees, primarily made up of member companies and organizations, allow us to join discussions and share information on sustainability ideas. 2025 saw us sit on the following 11 subcommittees: • ESG Subcommittee • Environmental Management Sub-committee • Kansai Region Subcommittee • Supply Chain subcommittee • GC Intra-Company Instillation Research Subcommittee • Human Rights Due Diligence Subcommittee • Anti-Corruption Subcommittee • Disaster Risk Reduction Subcommittee • SDGs Subcommittee • Reporting Research Subcommittee • WEPs Subcommittee
 TCFD (Task Force on Climate-Related Financial Disclosures)	2022	Groupwide	March 2022 saw the Nippon Kayaku Group announce its endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. With a view to achieving good communication with a wide variety of stakeholders, we use the TCFD recommendation framework to proactively disclose information related to Governance, Strategy, Risk Management, and Metrics and Targets. These initiatives are naturally aligned with the management stance shaped by our KAYAKU Spirit corporate vision. Climate change is a key issue which significantly impacts society at large, and has therefore been positioned as a Key Management Issue within our Group as well. Moving forward, we shall continue to follow the TCFD recommendations as part of our initiatives to promote reduced GHG emissions and build a recycling society.
 Responsible Care Global Charter	2008	Domestic	The Nippon Kayaku Group signed up to the Responsible Care Global Charter in 2008, and also to the revised version in 2014. At Nippon Kayaku, we handle large numbers of chemicals, and engage ourselves in the development, manufacture and sale of many chemical products. In order to realize our KAYAKU spirit corporate vision of "Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience," we will proactively proceed with responsible care activities going forward.

Principal memberships held

Organization	Joined	Membership type	Activity details
Japan Business Federation	1946	Permanent secretary	We approve of the federation's aims of aiding the autonomous development of the Japanese economy and improving Japanese people's lives, and consequently serve as a member. We currently sit on the Secretariat, and the committees on Administrative Reforms, Social Security, and Diversity and Inclusion. Through widening our multitude of exchanges straddling industrial boundaries, we will utilize our economic knowhow to contribute towards building a sustainable social economy.
Japan Chemical Industry Association	1948	Vice Chairman / Representative Director	Nippon Kayaku's 3 rd President, Yasusaburo Hara, was also the inaugural Chairman of the Japan Chemical Industry Association upon its foundation in 1948; he would serve in that role for over 14 years. Mr. Hara established the base for Japan's postwar chemical industry recovery, paving the way for the introduction and development of the petrochemicals industry which would later play a major role in Japan's years of rapid economic growth. Having inherited Mr. Hara's founding aims, present-day Nippon Kayaku seeks to further contribute to the development and improvement of the chemical industry.
Japan Dyestuff and Industrial Chemicals Association	1948	Chairman	Nippon Kayaku's 3 rd President, Yasusaburo Hara, also assumed the chairmanship of the Japan Dyestuff and Industrial Chemicals Association upon its foundation in 1948; he would retain the role for another 33 years. Having inherited Mr. Hara's founding aims, present-day Nippon Kayaku will contribute to the proposal, promotion, examination and research of business support policies related to safety, the environment and internationalization within the chemical industry domain.
Japan Pharmaceutical Manufacturers Association	1968	Trustee	We have joined this organization having approved of its aims to contribute to people's health inside Japan and across the world, and improve medical care overall, through developing innovative and highly-useful medical products, and boosting the health of the pharmaceuticals industry. As a drug discovery company do we seek to contribute to the healthy development of the pharmaceuticals industry through creating our vision for code compliance, fairer distribution, promotion activities, clinical evaluations, PMS (Postmarketing Surveillance), product quality, pharmaceutical affairs and R&D.
Japan Biosimilar Association	2016	Board member company	We were one of four biosimilar-handling founder members to kickstart this organization in April 2016, with a focus on expanding and promoting biosimilars in general. We continue to serve as a proactive member, using this organization as a vehicle for exchanging information with stakeholders, including government, and making policy proposals. In so doing, we seek to contribute not only to holding down medical fees but to improving access to biopharmaceuticals for patients currently holding back from such treatment for financial reasons.
The Pharmaceutical Manufacturers' Association of Tokyo	1948	Board member	The Pharmaceutical Manufacturers' Association of Tokyo is composed of various pharmaceutical sellers and manufacturers of new drugs, generic drugs, and OTC (Over-the-Counter) medicines. As an eastern-Japan-based pharmaceutical company, we seek to enhance medical care through examining and exchanging information on pharmaceutical affairs, intellectual property, pharmaceutical product safety, and education and training.
Japan Investor Relations Association	1993	Trustee	We participate in this association to further our aims of improving the quality of investor relations activities through information-sharing and network-creation for IR managers from different companies. Through this association do we seek to achieve even better communication with our shareholders and investors, as well as increase trust in finance and capital markets.

Stakeholder Engagement

Policy and Basic Approach

The Nippon Kayaku Group is aiming to be a company which delivers both happiness and delight to all stakeholders: our employees, customers, suppliers, shareholders, investors and local communities. We value our conversations with stakeholders, taking advantage of various opportunities and communication tools to conduct appropriate information disclosure and two-way exchanges in order to improve our business operations. Through fulfilling stakeholder expectations and demands we are contributing to wider society through our business activities.

> [Multi-Stakeholder Basic Policy \(Japanese\)](#)

Stakeholders of the Nippon Kayaku Group



Stakeholders	Outline of Initiatives	Method of Communication
Our employees	We believe that "people" are the nucleus of our corporate activities. Through respecting the human rights of each and every employee, and striving to provide a reassuring working environment, we aim to become a company which allows its "people" to really feel their own personal development amid the rewarding nature of their work.	- Internal portal site Engagement survey set-up (annually) Compliance awareness survey (annually) - In-house publications (quarterly) Compliance hotline Agreements with labor unions
Our customers	Through pursuing high product quality, and supplying the best socially and environmentally-conscious products, technologies and services, do we strive to gain the satisfaction and trust of our valued customers: Automobile module manufacturers, optical material users Users of resins, dyes and catalyst materials Medical personnel, patients Agrochemical manufacturers, pesticide vendors, farmers	- Ascertaining of needs through sales activities - Refinement/ improvement of products and services - Plant field trips Publication of information online (constantly updated) Providing safety guidance on agrochemical use and advice on pest control methods
Our suppliers	From R&D right the way through to raw material procurement, manufacturing, sales and distribution, we are working with all our supply chain partners to respect human rights and promote environmental conservation, workplace safety & health, compliance matters and sustainable purchasing (including fair trade considerations).	- Information exchange through visits, web chats, and everyday business conversations Sustainable Procurement Survey Procurement Seminars
Our shareholders and investors	Having fixed our disclosure policy, we are presenting all shareholders and investors with timely, honest and impartial information so that they may appropriately understand our business situation and various business initiatives.	Financial results briefings (quarterly) General Meeting of Shareholders (annually) 1-on-1 meetings Investor-focused event, small meetings Presenting information via our website and integrated reports
Local communities	From our various bases across the world do we serve as active members of local communities, not only through CSR work, but through next-generation development support and information exchanges with local authorities. We are hence contributing to sustainable development through enhancing the robustness of the local communities we serve.	CSR activities (plant festivals, street cleaning) Welcoming visitors for plant field trips Next-generation training support Information exchange with local authorities

Links with Local Communities

The Nippon Kayaku Group, via its various business locations, has tied up a multitude of agreements with local governments and regions. By respecting various environmental agreements and making efforts to lower our environmental burden are we contributing to the safety and reassurance of the local communities concerned.

◆ Key local agreements signed by Nippon Kayaku

Workplace	Agreement Title	Co-signatory
Safety Head Plant (Himeji)	Memorandum on Wastewater Management	Himeji City
	Local Fire Brigade Partner	Himeji City Fire Department
Fukuyama Plant	Agreement on Pollution Control	Hiroshima Prefecture, Fukuyama City
Asa Plant	Agreement on Water Pollution Control	Yamaguchi Prefecture Fishing Cooperative
	Agreement on Environmental Safety	Sanyo-Onoda City
Tokyo Plant	Green Agreement	Adachi Ward
	Joint-Agreement on the Establishment of a Committee to deal with Colored Wastewater Issues	Bureau of Sewerage Tokyo Metropolitan Government 2nd Management Office
	Agreement on Mutual Disaster Support	Adachi Ward Shinden Residents' Association, Shinden 1-chome Estate Residents' Association
	Agreement on Locations of Sheds Housing Small Pumps for Civilian Use	Senju Fire Department
Takasaki Plant	Company Fire Brigade Cooperation Agreement	Takasaki City Fire Department, and fire departments in the wider region
Kashima Plant	Agreement on Pollution Control	Ibaraki Prefecture, Kashima City, Kamisu City
Tokyo R&D Administration Office	Agreement with the Akabane Ward Council on Mutual Support for Disaster Prevention in Dangerous Buildings	Tokyo Fire Department Akabane Branch

The Products and Technologies Creating a Sustainable Future

The Nippon Kayaku Group, through its “Global SUKIMA Ideas” initiative, aims to produce products offering high additional value and the potential to stand out even in niche markets in its quest become indispensable to the world. Through providing the best products, technologies and services for the creation of a sustainable society, we will contribute to resolving social issues.

Environmental and Social Issues and their relationship to Business

From self-driving electric vehicles and developments in digitalization to more sophisticated medical needs and demands for reduced environmental burdens, the social issues surrounding our company diversify evermore. Perceiving these issues as business opportunities, the Nippon Kayaku Group will drive forward with environmental and social value creation through its products and technologies.

Sustainable Value Realized through Business



Mobility & Imaging Business Unit



Value provided

- Enabling safe and secure next-generation mobility

Products and Technologies

- Safety components and in-vehicle display technologies for the era of vehicle electrification and autonomous driving
- Emergency parachute systems for industrial drones and flying cars
- Compact and lightweight portable X-ray sources

Social issues solved

- Ensuring safety in the era of vehicle electrification and autonomous driving
- Ensuring safety in the expanded air mobility market
- Organized crime involving illicit financing, drug trafficking, and arms trading
- Lack of efficient resource use and increases in waste

Social and Environmental Value Created

- Reduced accident risks for the next-generation mobility society
- Contributions to reduced GHG emissions via energy efficiencies achieved through electrification and weight reduction
- Improved public safety through the forestalling of terror and criminal threats
- Reduced environmental burdens through efficient resource use and waste reduction



Fine Chemicals Business Unit



Value provided

- Enabling an abundant and sustainable society through advanced functional materials

Products and Technologies

- Advanced functional materials for AI and cutting-edge semiconductor applications
- Environmentally-friendly advanced functional water-based ink
- Next-generation new catalysts for a decarbonized society and hydrogen society

Social issues solved

- Supply chain instability in the digital society due to growing demand for advanced semiconductors
- Resource waste and environmental burdens caused by printing and manufacturing processes
- Fossil fuel dependency and substantial CO₂ emissions from manufacturing

Social and Environmental Value Created

- Strengthened industrial competitiveness through provision of the base materials needed to support a digitally-integrated AI society
- Contributions to a circular economy through waste reductions and resource conservation
- Contributions to carbon neutrality and advances towards a hydrogen society



Value provided

- Enabling a healthy and sustainable society through healthcare and agriculture

Products and Technologies

- High-quality and affordable medicines, primarily in the oncology field
- Agrochemical products with limited environmental impacts

Social issues solved

- Lack of treatment options for cancer and rare diseases
- Instability in pharmaceutical supply
- Rising healthcare costs
- Reduced agricultural productivity due to climate change
- Declining populations of beneficial organisms due to climate change and pesticide impacts

Social and Environmental Value Created

- Building sustainable healthcare infrastructure through stable pharmaceutical supplies
- Improved patient Quality of Life (QOL)
- Improved agricultural productivity through climate- resilient crop protection products
- Stable food supply and biodiversity conservation through pollinator-friendly pesticides

Research and Development

> [Research and Development Contributing towards a Sustainable Society](#)

Environmental Management

Policy and Basic Approach

The Nippon Kayaku Group has defined contributing to conservation of the Earth's environment as a key management issue, and drives forward environmental management as the core of its Sustainability Strategy laid down in the Long-Term Management Plan: Evolution2035. Our basic approach is based on the principles of Responsible Care, seeing us appropriately recognize and evaluate the environmental risks at various stages of business activity, and continuously work on improvements.

We also observe environmental laws and regulations, and signed protocols, both inside and outside Japan, and engage in environmental risk reduction and preventative anti-pollution measures stemming from product development, manufacturing processes and business activities.

Furthermore, we are mapping out our path to reducing environmental burdens through climate change measures, promotion of energy-saving and resource-conserving practices, and waste reduction, and have established contributing towards realizing a sustainable society as a basic policy.

➤ [Our Declaration on the Environment, Health, Safety and Quality](#)

➤ [Responsible Care Targets](#)

System

➤ [Responsible Care Promotion System](#)

Environmental Management System

ISO14001 Certification

Our current efforts to retain our certification status for ISO14001, the internationally recognized environmental management standard, see us consider the environment during the development and manufacture of products and the provision of services. Having first gained ISO14001 Certification for Environmental Management Systems in 1998, we have now achieved certification for all seven of our domestic plants and seven overseas Group companies. We will continue, going forward, to explore new ISO14001 certification options for Group companies, including for those based overseas.

➤ [ISO14001 Certification](#)

Environmental Audit

In line with ISO14001 requirements, the Nippon Kayaku Group conducts internal environmental audits. These enable us to confirm the status of activities with respect to environmentally-related legislation and regulations, and help us map out how to promote and improve our groupwide environmental conservation activities.

➤ [Responsible Care Audit](#)

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
GHG emission amounts (Scope1+2) *Compared to FY2019	36% reduction	64% reduction	Consolidated
Major Environmental Accidents	0 cases	0 cases	Consolidated
Environmental Law Violations	0 cases	0 cases	Consolidated
Recycling Rate	82% or higher	85% or higher	Non-consolidated
Zero-emissions Rate	0.8% or less	0.6% or less	Non-consolidated
VOC Emission Amounts Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated
Waste Amounts Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated

➤ [FY2025 Sustainability Targets and Results](#)

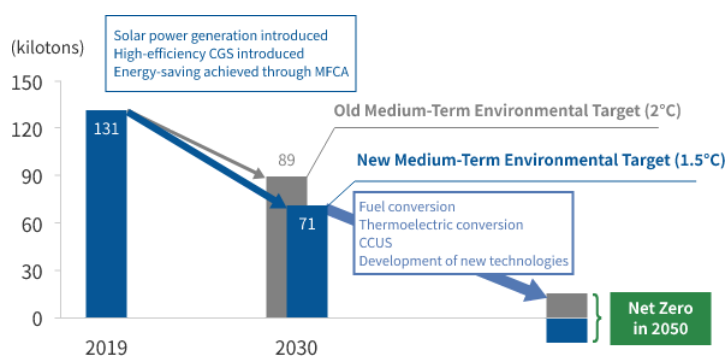
Medium-term Environmental Targets and Results

Since FY2021, the Nippon Kayaku Group has fixed new Medium-Term Environmental Targets as it advances its environmental conservation activities. In the climate change field, we initially conformed to the 2°C Standard, and the target of achieving FY2030 greenhouse gas emissions (Scope 1 + 2) at least 32.5% lower than those of FY2019. Since then, based on the increasing severity of environmental issues and international movements towards carbon neutrality, we have adopted the 1.5°C Standard as our new tougher emissions target, aiming for at least a 46% reduction on FY2019 levels by FY2030, and carbon neutrality by FY2050. In tandem have we signed up to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in March 2022, and moved forward with information disclosures pertaining not only to progress on emission reductions but also climate change risks and opportunities.

In the field of chemical emissions, we have fixed output-unit-based targets for volatile organic compound (VOC) emissions as we work on reducing environmental burdens. While it is the case that absolute quantities of VOC emissions have shown an upward trend due to increased production quantities and product lineup changes, we are nevertheless pressing ahead with improvements to output-unit emissions.

The field of waste reduction, meanwhile, has seen us adopt FY2024 as the standard for our output-unit reduction targets, and aim for a 1% per-output-unit reduction by FY2028. We have also fixed targets for recycling and zero-emission rates; at least 82% for the former and 0.8% or less for the latter.

FY2025 saw us achieve reductions in total waste generated due to improved utilization rates and changes to product line composition. On recycling and zero-emission rates, we continue to promote recycling at every business site, and have delivered further improvements on top of achievement of targets.



Trends in Medium-term Environmental Target Results

Area	Covering	Items	Target Figures	2021	2022	2023	2024	2025
Climate change prevention ^{*1}	Consolidated	GHG, Scope 1+2 ^{*2} emissions	FY 2030 Targets No more than 70.6 kilotons (Over 46% down on FY2019) (Reference: FY2024 standards) No more than 111.8 kilotons	112.5 kilotons (14.2% reduction)	108.3 kilotons (17.5% reduction)	102.7 kilotons (21.7% reduction)	111.1 kilotons (15.3% reduction)	90.1 kilotons (31.4% reduction)
Reductions in amounts of chemical compounds produced	Non-Consolidated	VOC ^{*3} (Quantities of Volatile Organic Compounds produced)	(Results Report)	52.1 tons	38.7 tons	32.9 tons	57.3 tons	45.3 tons
		COD ^{*4} emissions	(Results Report)	124.2 tons	171.8 tons	210.9 tons	222.2 tons	173.6 tons
Industrial waste reduction	Non-Consolidated	Waste quantities	(Results Report)	28,424 tons	27,621 tons	20,974 tons	28,225 tons	24,014 tons
		Recycling rates (excluding container reuse)	No less than 80%	82.3%	85.0%	83.8%	86.5%	85.2%
		Rate of zero emissions ^{*5}	No more than 1%	1.0%	0.8%	0.7%	0.6%	0.4%

*1 Medium-term Environmental Target for FY2030: A reduction of at least 46% on FY2019 levels (from 131.2 kilotons to no more than 70.6 kilotons)

*2 Scope 1: GHG emissions directly produced by our company itself (through fuel combustion, manufacturing process emissions, etc.)

Scope 2: Emissions our company indirectly produces through the use of electricity, heat and steam supplied by other companies

*3 The total of VOCs (Volatile Organic Compounds) includes not only those that must be reported under government ordinances (the PRTR Law) but also those specified by the Japan Chemical Industry Association.

*4 COD (Chemical Oxygen Demand): A leading water quality index based on chemical oxygen demand and the amounts of oxygen necessary for oxidizing materials in water.

*5 Rates of zero emissions: Defined as the ratio of internal to external Nippon Kayaku waste disposed of at landfill sites.

➤ [ESG Aggregate Data](#)

Initiatives

Use of LCAs (Life-Cycle Assessments)

We are also working to maintain and improve the environment, health and safety at every step of the product life cycle, from the research and development stage right the way through production, distribution, sale, recycling and disposal. We are trialing the design of a process which allows us to visualize the value of every Group product or service by assessing and analyzing environmental impacts and potential environmental contributions at every stage of the life cycle. Part of these activities involves promoting calculation of the carbon footprint (CFP) of every Nippon Kayaku product, which allows us to not only grasp its environmental impact but improve the accuracy of our LCA calculations for customer products. We are presently proceeding with such calculations for certain product lines, and are looking at how to systematize this process to enable emissions calculations to be made for every company product.

Development of Environmentally-conscious Technology and Products

➤ [The Products and Technologies Creating a Sustainable Future](#)

Environmental Education

Through our online Sustainability Training for all Group directors and employees (including contract and part-time employees) and temp staff, we are presenting opportunities to learn about the environment.

➤ [Sustainability Training](#)

Furthermore, as we strive towards strengthening environmental response capacity in line with individual business practices, we have set up academic training which contributes towards reducing environmental burdens, observation of laws and stable operations, based upon the particular characteristics of each business.

➤ [Anti-pollution \(Training\)](#)

Environmental Communication

Since publishing its CSR Report in 2013, the Nippon Kayaku Group has continually disclosed information pertaining to the environment. Since FY2021, we have integrated these actions into our website in order to enhance the information disclosed. Going forward, we will continue to talk to our stakeholders, and move information disclosures into line with international standards so as to further expand the types of contents disclosed. Furthermore, we will continue to proactively disclose information to stakeholders via Climate Disclosure Project (CDP) surveys concerning climate change, water security and supply chains, and through Environment, Social and Governance (ESG) institution surveys.

Cases of Environmentally-related Violations and Accidents

The Nippon Kayaku Group is actively working on preventing violations of environmental regulations and accidents, and has prepared a swift policy response system for such eventualities. Across the entire Nippon Kayaku Group, FY2025 thankfully saw zero major accidents or legal/regulatory violations impacting upon the environment, as well as zero instances of related punishments or fines.

There were, however, three cases of minor environmental accidents (CFC leakage, pit overflows, noise pollution). Each instance saw us promptly contact the relevant authorities, and implement appropriate initial responses and corrective measures based on internal company regulations. Our subsequent site inspections and root cause investigations enabled us to confirm that impact on the environment was minor. The chief reasons behind such incidents were determined as equipment deterioration and insufficient prior checks. We are now moving forward with efforts to strengthen our information sharing and management systems to ensure no repeat of such cases.

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of violations of environmental laws and regulations	consolidated	cases	0	0	0	0	0
Among the above, number of water-resource-related legal violations (water quality, water quantity etc.)			0	0	0	0	0
Total number of environmental accidents	consolidated	cases	0	0	0	0	3
Number of major environmental accidents*	consolidated	cases	0	0	0	0	0
Violations of laws and regulations; fines issued for environmental accidents; punishment costs	consolidated	yen	0	0	0	0	0

* Environmental accidents such as leaks of toxic substances triggering neighborhood evacuation orders, media coverage and improvement orders.

Environmental Accounting

For the purpose of effectively driving forward environmental conservation efforts, Nippon Kayaku is publishing the aggregate costs of conserving the environment incurred during business activities.

➤ [ESG Aggregate Data\(Environmental Accounting\)](#)

Climate Change

Policy and Basic Approach

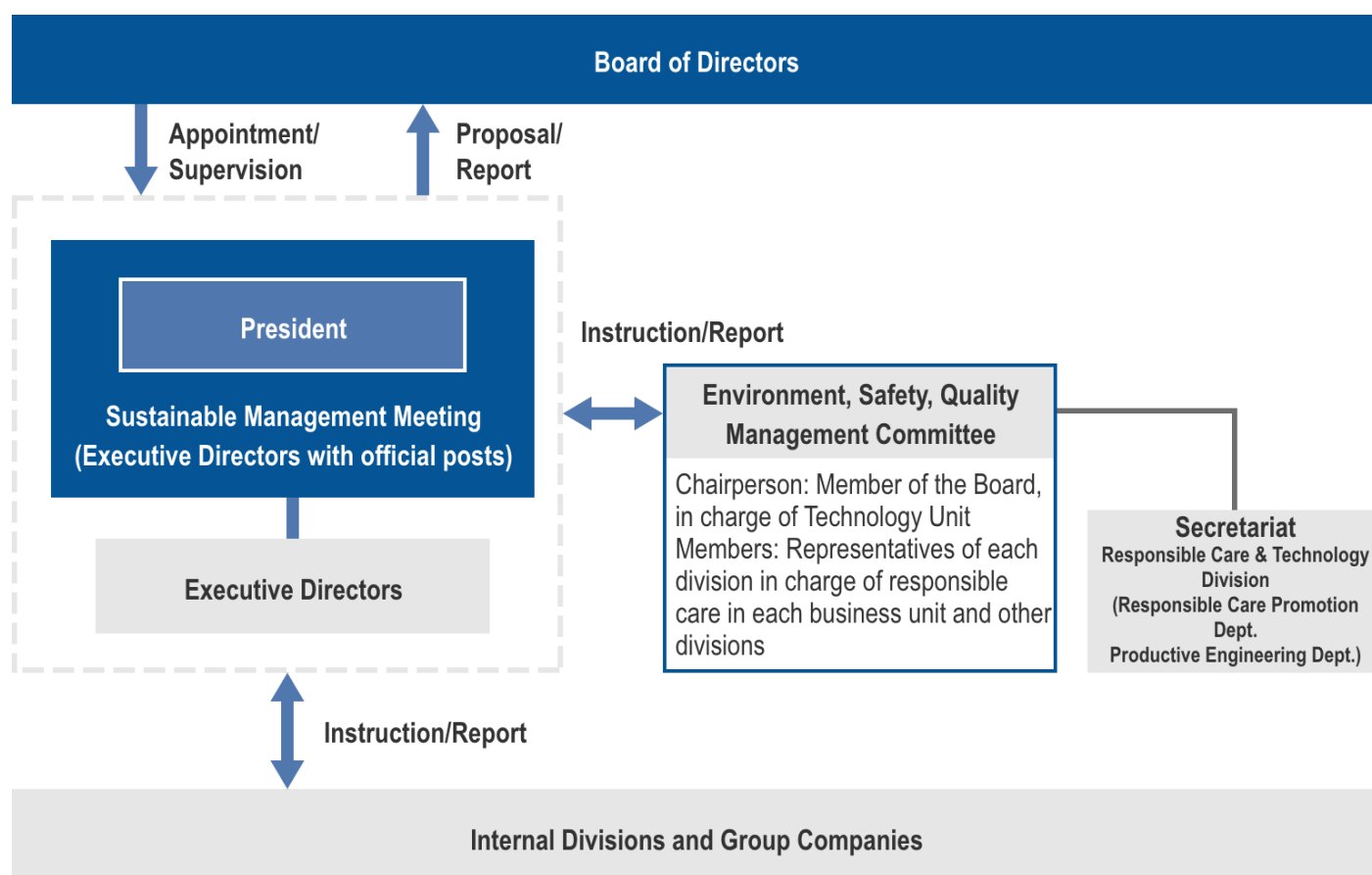
Recent years have witnessed the emergence of abnormal climates across the world alongside environmental damage, causing a heightened sense of crises with regard to climate change. The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) presented the chance to further accelerate international decarbonization efforts. As one strand of its Green Growth Strategy based on The Paris Agreement, the Japanese government has declared its intent to reach carbon neutrality by the year 2050. In endorsing this policy movement has the Nippon Kayaku Group also set its own ultimate target of becoming carbon neutral by 2050, with its intermediate FY2030 Medium-Term Environmental Targets, initially fixed in 2020, now revised from the 2°C to the 1.5°C global warming target. For its own response to climate change, our Group plans significant reductions in GHG emissions via thorough promotion of energy saving, manufacturing process optimization, the introduction of low-emission solar-powered generators, and switchovers to renewable-energy-sourced low-emission-factor electric power. We will also contribute to decarbonization across our value chain through providing products aiding the realization of a decarbonized society and strengthened supplier engagement.

Information Disclosure based on TCFD Proposals

Governance

The Sustainable Management Meeting, chaired by our President, is tasked with discussing Nippon Kayaku Group business plans which incorporate future climate change responses, and summarizing and evaluating the status of environmental activities. Discussion, summary and evaluation results are reported to the Board of Directors, which assumes the supervisory and directorial role in this system.

We have also organized an Environment, Safety and Quality Management Committee to serve as an advisory body to the Sustainable Management Meeting. Its remit is to take a crosscutting organizational approach towards coordinating the advancement of our climate change measures and to hold yet deeper discussions on climate change issues.



Strategies

The Nippon Kayaku Group is developing several businesses on a global scale, with each field entailing various risks and opportunities. In order to grasp the effect brought by climate change upon each business, we have, in line with TCFD recommendations, evaluated the climate-related risks across our entire group and identified opportunities in each business field. For each evaluation we have referred to multiple scenarios, analyzing both the transition risks and physical risks. Furthermore, our Long-term Management Plan Evolution2035 divides the periods in which risks might emerge into short-, medium- and long-term, thereby organizing the various impacts along a time axis. Based on the results of this analysis shall our Group strive to reduce risks and create opportunities through improving energy efficiency, expanding use of renewable energy, strengthening our supply chain, and developing both products and technologies contributing to decarbonization.

	Period	Reason for adoption
Short-term	The 3-year period spanning FY2026 to FY2028	Phase 1 of the Long-term Management Plan: Evolution2035
Medium-term	Up to FY2035	Aligned with the final year of the Long-term Management Plan: Evolution2035
Long-term	Up to FY2050	To align with Japan's NDC (Nationally Determined Contribution) Target Year

◆ Climate-related Risks

Our 1.5°C and 4°C warming scenarios for climate-related business risks are based on the IPCC's Representative Concentration Pathways (RCP Scenarios 2.6 and 8.5), as well as the IEA's Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS).

◆ The risks of switching to a decarbonized economy in a 1.5°C target scenario

Category	Principal risks	Risks appearing	Financial impact	Principal measures adopted
Policies and legal regulations	Rise in operating costs due to tougher emissions regulations	Short to long-term	Moderate	- Introduction of decentralized power sources at each business site, such as solar power generation and high-efficiency co-generation - Thorough energy-saving activities and material loss reduction through use of MFCA
	Price hikes for electricity and LNG	Short to long-term	Moderate	
	Rises in raw material prices due to tougher emissions regulations	Short to long-term	Large	Engaging with suppliers to promote reductions in their emissions
Market and rumored developments	Increased costs due to environmental information disclosure requirements and LCA calculations etc.	Medium to long-term	Small	Rationalizing calculation methods and introducing LCA calculations for industrial waste produced by each business site

◆ Physical impact risks of a 4°C target scenario

Category	Principal risks	Risks appearing	Financial impact	Principal measures adopted
Acute and chronic physical risks	Cost increases from flood damage associated with typhoons, heavy rainfall and high tides	Short to long-term	Moderate	Based on the results of flood simulations, quantify financial impact and implement flood countermeasures
	Water-shortage impacts on business operations	Medium to long-term	Small	Strengthening water-saving measures in the production process, and exploring ways to reuse and recycle water
	Reduced productivity due to rising temperatures	Medium to long-term	Small	Working condition improvements such as stronger air conditioning; promoting automation of high-temperature processes

◆ Opportunities for each business field if moving towards a decarbonized economy in a 1.5°C target scenario

Business field	Business environment		Opportunity	Opportunities appearing	Financial impact*
Safety Systems	Tougher regulations for GHG emissions in every country and region	- Increased demand for yet further energy-saving properties in electrical goods - Sales of automobiles with internal-combustion engines to be heavily restricted depending on the region	- Advancements in moves towards smaller and lighter automotive safety components with more diversified shapes, in response to more electric vehicles and automobile transformations - Expansion of safety components for unmanned aerial vehicles such as drones	Short to long-term	Large
Polatechno			- Expanded use of safety display device components, such as sensors and HUDs, in response to more electric vehicles and automobile transformations - Expanded use of polarizing plates which help reduce power consumption of display devices	Short to long-term	Moderate
Functional Materials		- Advancement of social changes such as moves to towards smart cities - Increased demand for yet further energy-saving properties in electrical goods - Increased demand for storage batteries that can handle large output variations geared towards the ever-expanding field of renewable energy - Expanded global demand for relatively low-emission movement and delivery processes	- Expansion of semiconductor-related goods amid moves towards smart cities and digital transformation - Expanded use of functional materials which help reduce power consumption of display devices - Expanded use of low-emission materials and advancement of the switchover to biomass materials - Expanded use of resin materials to help achieve lighter mobility bodies for vehicles	Short to long-term	Large
Color Materials			- Expanded use of ink for digital-on-demand printing which renders low-carbon printing possible - Expanded use of dyes for dimming glass and film used to control incoming light-rays	Short to long-term	Large
Catalysts			- Expanded use of catalysts in the production of green energies such as hydrogen - Expanded use of catalysts for the promotion of biomass materials	Medium to long-term	Large
Pharmaceuticals		Limited direct impacts	Reducing GHG emissions by reviewing packaging formats	Short to long-term	Small
Agrochemicals			- Expanded use of biostimulants to maintain and improve agricultural productivity amid the rising temperatures expected even if the 2°C target is met. - Application of existing pesticides to newly problematic pests	Medium to long-term	Small

* Financial impact: Large (2 billion yen or more), Moderate (0.5 to 2 billion yen), Small (0 to 0.5 billion yen)

Risk Management

Our Group has positioned Climate Change Response as one of its Key Sustainability Issues. Under [the Governance System](#) constructed by the Board of Directors, Sustainable Management Meeting and the Environment, Safety, Quality Management Committee, we are identifying, evaluating and managing climate change risks, chiefly through the Responsible Care and Technology Division. Identified risks will trigger the fixing and implementation of response measures as we plan not only to reduce risks but deliver continuous improvements through monitoring of response situations.

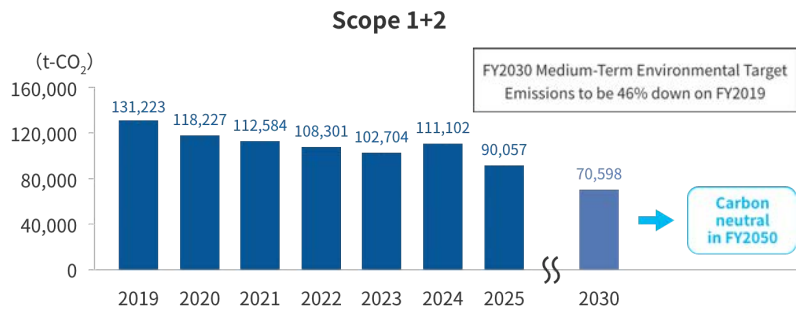
Metrics and Targets

Indicator	FY2028 Target	FY2035 Target	Scope
GHG emission amounts (Scope1+2) *Compared to FY2019	36% reduction	64% reduction	Consolidated

The Paris Agreement adopted at COP21 in 2015 contains the international target of limiting the rise in average global temperature to under 2°C, and making further steps to hold it down to 1.5°C, above pre-industrial levels. Taking that onboard, the Nippon Kayaku Group reassessed its Medium-term Environmental Targets in April 2024, raising them from the 2°C to the 1.5°C global warming target. Specifically, we are targeting for FY2030 Scope 1 and Scope 2 emissions to be at least 46% lower than those of FY2019. This therefore sees us aiming for 4.2% annual emission reductions on FY2019 levels from FY2025 onwards. Furthermore, with a view to achieving carbon neutrality by 2050, we have been working on emission reductions across our entire supply chain (Scope 3), conducting a survey on technological trends related to use of alternative fuels such as hydrogen and ammonia, and pressing ahead with incorporating technologies aimed at green energy switchovers, starting with renewables. For FY2025, despite production increases, we were able to confirm an emission-limiting-effect from the introduction of an integrated energy service for multiple sites and our initiatives to expand solar power generation.

Scope 1: Direct GHG emissions from sources either owned or managed by our own company (e.g. fuel use, production process emissions etc.)

Scope 2: Our company’s indirect emissions stemming from electricity, heat and steam supplied by other com



◆ Disclosure of Scope 3 Data related to Total Supply Chain GHG Emissions

Recent years have seen us ascertain and manage our indirectly-created supply chain GHG emissions, and commence movements towards relevant external information disclosures. We are thus advancing with Scope 3 supply-chain-related emission calculations in addition to the Scope 1 and Scope 2 which have formed the basis of data aggregation and management until now. Whereas FY2017 saw us move forward with Scope 3 calculations for our non-consolidated business, FY2019 saw us commence rolling this out to domestic and overseas group companies. Moving forward, the Nippon Kayaku Group will continue to aggregate data and manage emissions based on the “Basic Guidelines on Accounting for GHG Emissions Throughout the Supply Chain” issued by Japan’s Ministry of the Environment, and thereby plan systematic advancement of initiatives to reduce GHG emissions across the entire supply chain.

Scope 3: Indirectly-produced emissions not covered by Scope 2 (through raw material procurement, employee commutes, business trips, waste processing subcontractors, product use and disposal etc.)

Scope3

Category		Scope	Unit	2021	2022	2023	2024	2025
1	Purchased goods and services	consolidated	t-CO ₂ e	294,500	275,000	241,800	259,600	228,100
2	Capital goods	consolidated	t-CO ₂ e	26,800	29,600	33,400	55,900	45,800
3	Fuel- and energy-related activities (Not included in Scope 1 or Scope 2)	consolidated	t-CO ₂ e	22,300	21,000	20,500	22,700	23,900
4	Upstream transportation and distribution	consolidated	t-CO ₂ e	22,300	19,700	16,600	18,000	16,700
5	Waste generated in operations	consolidated	t-CO ₂ e	31,800	16,200	10,800	14,700	14,200
6	Business travel	consolidated	t-CO ₂ e	800	800	800	800	800
7	Employee commuting	consolidated	t-CO ₂ e	2,400	2,400	2,400	2,500	2,600
8	Upstream leased assets	consolidated	t-CO ₂ e	Included in Scope 1, 2, therefore not separately calculated				
9	Downstream transportation and distribution	consolidated	t-CO ₂ e	1,600	1,500	1,200	1,400	1,200
10/11	Processing of sold goods and Use of sold goods	consolidated	t-CO ₂ e	-	-	-	-	-
12	End-of-life treatment of sold products	consolidated	t-CO ₂ e	26,400	23,000	17,600	17,300	17,600
13	Downstream leased assets	consolidated	t-CO ₂ e	400	400	400	400	400
14/15	Franchise and Investments	consolidated	t-CO ₂ e	-	-	-	-	-
Total*1		consolidated	t-CO₂e	429,300	389,600	345,000	393,300	351,300

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Calculation Method: As a general rule, CO₂ emission amounts are calculated with reference to emission factors published in the “Basic Guidelines for Supply Chain Greenhouse Gas Emission Calculations” provided by ministries of Environment and Economy, Trade and Industry, as well as by the IDEA Lab Safety Science Research Section of the National Institute of Advanced Industrial Science and Technology.

➤ [Environmental Management](#)

➤ [Environment-related Data](#)

◆ Flood Risks

Although flood risks have been highlighted as one of the physical risks of climate change, our calculations for the related financial impact assessments were in qualitative form only. Hence, in order to provide quantitative data for FY2023, we made use of Climate Vision, a highly accurate flood simulation system provided by Gaia Vision Inc. This allowed us to grasp damage scenarios from once-in-100-year and once-in-1000-year floods, and conclude, that of all our domestic and overseas manufacturing sites, five are at risk of flooding. We have calculated the flood risks for each based on methods advocated by the Ministry of Land, Infrastructure, Transport and Tourism, and concluded that in the instance of once-in-100-year floods under a 4°C warming scenario, the manufacturing base with the largest financial risks would suffer damage equating to 13 billion yen. Based on these financial risk assessments, we shall move forward by pursuing further improvements to assessment accuracy and exploring ways of strengthening specific flood prevention measures.

Initiatives

With a view to achieving its Medium-term Environmental Target of FY2030 GHG emissions being at least 46% lower than those of FY2019, and carbon neutrality by 2050, the Nippon Kayaku Group is advancing both energy- and resource-saving initiatives at each manufacturing site.

Material Flow Cost Accounting (MFCA)

MFCA is a method which allows firms to devise ways of continually lowering the environmental burden of their production activities by extracting and clarifying energy loss and material loss within the manufacturing process. Nippon Kayaku is also advancing the introduction of MFCA with a view to reducing environmental burdens and manufacturing costs through lowering amounts of waste produced and CO₂ emissions.

Our Fukuyama Plant, which serves as our manufacturing base for consumer inkjet printer dyes, introduced MFCA in the latter half of 2018. Based on MFCA results, and having verified the benefits in lab studies and on actual machines, the plant confirmed the benefits of recovering solvents from waste solvents via distillation, and switched to a flow whereby recovered solvent could be reused in future production. The result saw reductions in both externally incinerated waste and amounts of solvent purchased, not only lowering the environmental burden but yielding significant cost benefits as well.

We have since expanded MFCA to our Tokyo and Asa Plants (2019), our Kashima Plant (2020), and our Joetsu Plant (2021), and completed our roll-out to all manufacturing bases by FY2023. We are now utilizing the MFCA method to press on with further reductions in environmental burdens and manufacturing costs, commencing introductions at select business sites while aiming for a phased roll-out to the group as a whole.



Distillation Recovery Facility

Solar Power Generation

As part of our switchover to low-emission power sources and low-emission-factor renewable energy sources, Nippon Kayaku has introduced solar panels with a view to significantly lowering GHG emissions.

March 2023 saw the advent of a Solar Power Purchasing Agreement (PPA) Model onsite service at our Fukuyama Plant. The PPA model involves Nippon Kayaku loaning land or roof space to third parties for the installation of solar panels, then purchasing the energy produced over the long term. It is hoped this allows us to not only utilize renewable energy sources but save on electricity costs too. The Fukuyama Plant alone seeks to cut GHG emissions by 731t-CO₂ through use of the solar energy generated onsite. We are now looking to roll this model out to other manufacturing bases, as well as install solar panels that are in our own possession.



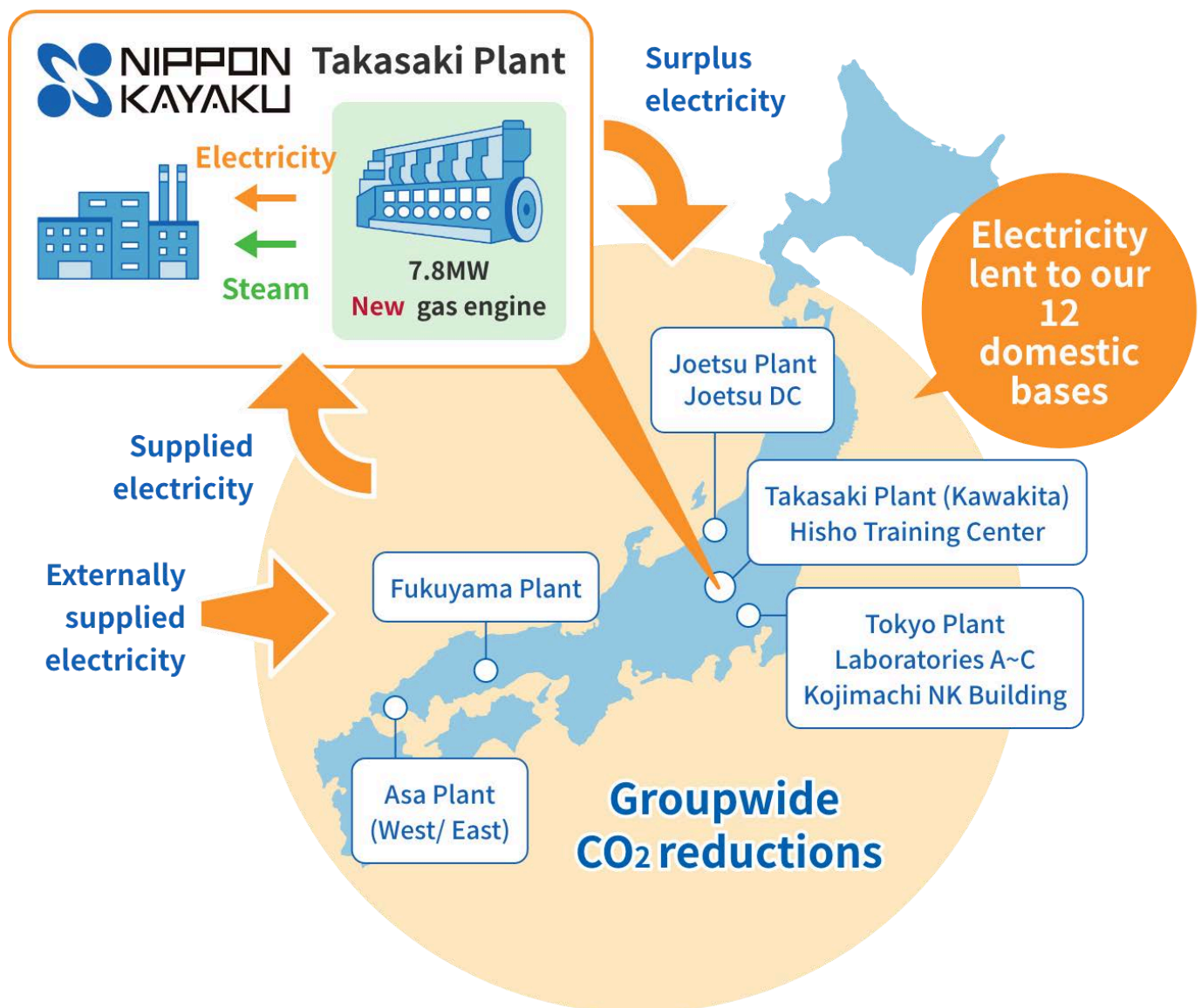
Amounts Contributed to GHG Emission Reductions

Indicators	Covering	Unit	2022	2023	2024	2025
MFCA	Non-Consolidated	t-CO ₂	60.2	40	77.7	136
Solar power	Non-Consolidated	t-CO ₂	-	658	683	2,395

Introduction of a Bundled Energy Network Service for Multiple Sites

April 2025 saw the Nippon Kayaku Group commence the first Bundled Energy Network System geared towards the fields of medicine and science at 12 of its domestic business sites. A new large-scale gas co-generation system was installed at our Takasaki Plant, not only supplying electricity and heat but also allowing for surplus energy to be lent to 12 business sites across Japan. This system generates enough power for around 17,000 homes^{*1}, and its capacity to lend electricity to other business sites has significantly decreased our Group's overall CO₂ emissions. Furthermore, its Blackout Start (BOS) function^{*2} allows for the continuation of electricity and heat supplies to the Takasaki Plant even in times of blackout, thereby contributing to increased business resilience. Overall, this initiative is set to deliver a 45% reduction in CO₂ emissions (compared with FY2023) across all 12 business sites combined, and 18% drop in energy used by the Takasaki Plant (compared with FY2021). The system, which makes use of gas supplied by the city, ensures that heat produced at the time of power generation can be effectively used, thereby ensuring no energy is wasted. As the Takasaki Plant makes use of significant amounts of heat at the time of production, the presence of an onsite power generation system ensures that no heat produced is wasted, and makes a large contribution towards achieving yet higher energy efficiency levels and the transition to carbon neutrality. Henceforth, the Nippon Kayaku Group will continue to pursue CO₂ emission reductions and, through delivering products which contribute to the realization of a decarbonized society, aim for decarbonization across the entire value chain.

Electricity supplies even in blackouts: Strengthened BCP





Exterior View of the newly-installed Gas Co-generation System



Takasaki Plant

*1 Calculated based on Ministry of Environment data from FY2022 which puts the amount of annual electricity consumed by the average household at 3950kWh Ministry of Environment

data:<https://www.env.go.jp/earth/ondanka/kateico2tokei/energy/detail/01/>

*2 When a blackout (of power systems) kicks in, the system staves off a power cut by generating its own power without the aid of any external power-source.

*3 Covers electricity and gas at the Takasaki Plant and other plants to which power has been lent; emission factors used reflect the adjustments of 2023. Reductions made due to the power system's low CO₂ menu and credits are also included.

Internal Carbon Evaluation

The establishment of our own medium-to-long term internal CO₂ evaluation allows us to not only promote CO₂ reductions across every business unit, but examine and prepare for the introduction of an internal system which encourages decarbonization investments and measures.

Responding to and Upholding Public Regulations

At all domestic and overseas business sites, Nippon Kayaku can be seen upholding and appropriately responding to laws, regulations and measures pertaining to climate change and reducing energy consumption. In Japan, for example, we follow both the Act on Promotion of Global Warming Countermeasures and the Act on Rationalizing Energy Use (the “Energy-Saving Law”). Listed as a specified business under the latter, Nippon Kayaku is thereby dutybound to pursue a 1% reduction in its energy consumption rate. Through setting annual targets at every business site and rolling out various energy-saving policies, we are currently delivering reduced rates of energy consumption. Under the Energy-Saving Law’s evaluation system, which classes companies in terms of performance, we received an S-class evaluation (signifying targets achieved) for FY2025.

Involvement with Industrial Groups

Nippon Kayaku is a member of The Japan Chemical Industry Association (JCIA), on whose Audit Board our President serves. The JCIA is participating in The Japan Business Federation’s Carbon Neutral Action Plan (formerly the Low-Carbon Society Implementation Plan), which Nippon Kayaku has approved and will itself join from 2030.

So that our company position on climate change policies is consistent with that of the industrial association, we join seminars held by the industry and by government departments such as the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Health, Labor and Welfare. This allows us to gather information, hold committee posts in each organization which enable us to join climate-change-related discussions, then share any information gleaned internally. We also assess whether our company’s position aligns with the contents of a seminar. In instances where that is not the case, our Responsible Care & Technology Division will discuss, and our Environment, Safety and Quality Management Committee, chaired by our Technology Unit In-charge, will make the relevant adjustments. Through such a process can we align our own climate change strategies with industrial association activities.

CDP Disclosure (Climate Change)

Since 2020, the Nippon Kayaku Group has provided responses to the CDP, an information disclosure program for the climate-change-related risks faced by businesses. Our responses to the 2025 CDP saw our Climate Change Report graded A and our Water Security Report graded A-.

➤ [External Evaluations and Awards](#)

Management of Chemical Substances

Policy and Basic Approach

The Nippon Kayaku Group, in line with the GFC (Global Framework on Chemicals) international chemical substances management framework, is aiming to minimize the health effects on humans involved in the production and usage of chemical substances, and any negative environmental impacts. Living conveniently and abundantly while using chemical substances requires that we know the properties of each substance and manage them properly. The management and reduction of environmentally hazardous substances which give rise to concerns over human health and environmental impact is an especially important social responsibility for chemical manufacturers. As such, we are organizationally and systematically engaged in the reduction of hazardous chemical emissions through production process improvements and thorough value-chain-wide management of goods containing hazardous chemicals. Furthermore, to prevent industrial accidents caused while handling chemical substances, we are voluntarily advancing our oversight and safety management procedures through taking, for example, hazardous substance exposure prevention measures based on the strengthened risk management approaches of the revised Industrial Safety and Health Act.

Systems

Under our sustainable management system, Nippon Kayaku has set up an Environment, Safety, Quality Management Committee to promote groupwide Responsible Care activities.

> [Responsible Care Promotion System](#)

With respect to business activities, each business unit, under the direction of its relevant person in charge, draws up its own chemical substance management-related key issues and specific action plans in order to manage chemical substances appropriately.

Audit

With our Responsible Care and Technology Division at the core of the initiative, Nippon Kayaku conducts audits of chemical substance management at each business site and certain group companies. These audits not only serve to confirm management systems and operation status, but also compliance status with respect to laws pertaining to chemical substance manufacture, importing and sales. We conduct inspections of reporting status for new chemical substances and feed these into improvements in the management levels at each business site. Matters of concern extracted from such audits are met with correction and corrective action, as appropriate and follow-up checks as we strive for continual improvement.

> [Responsible Care Audits](#)

Initiatives

With a view to achieving zero accidents or disasters, Nippon Kayaku has set as one of its [annual Responsible Care Targets](#) the promotion of voluntary chemical substance management. To forestall the risks originating from chemical substances, we are mapping out upgrades to our risk assessment process and building a more detailed and effective evaluation system. We are also delivering boosts to site-level management systems and preparing systems which allow for every worker to voluntarily show awareness of, and properly manage, chemical substances. Such initiatives enable us to plan for early detection of latent risk factors and thorough appropriate measures as we aim to strengthen the platform for safe and sustainable business operations.

The flow from Chemical Substance Management to Product Development

◆ Fine Chemicals Business Unit

Under internal regulations do we confirm the presence of prohibited or restricted chemical substances within each process from product development through to manufacture, sale and change. We designate the chemical substances to be either managed or prohibited internally, and in cases of newly-used chemical substances, conduct relevant checks at the selection stage. Meanwhile, changes to raw material or manufacturing laws, expansions in use, reassessments of laws and standards, and the emergence of new scientific observations lead us to conduct our own appropriate use reevaluations. Furthermore, in order to prevent prohibited or managed chemical substances being unintentionally mixed in during the transition from raw material to product, we conduct investigations into our raw material suppliers. Based on these investigation results do we formulate appropriate management and measures in the quest for product and worker safety, and environmental conservation.

Development stage	Main evaluation contents
R&D	• Giving shape to product concepts based on customer needs and market surveys • Setting of targets for product quality and performance; evaluation of technical feasibility • Investigation and confirmation of related domestic and international laws and regulations, patents and environmental safety matters • The safety of raw materials used, possibilities for stable procurement, and initial cost evaluations
Exploration of mass production and production volumes	• Establishment of product specification verification and the manufacturing process • Confirmation of suitability through customer evaluations • Confirmation and risk assessment of raw material and product quality, cost, and productivity through exploration of mass production and production quantities • Confirmation and evaluation of risks across the supply chain from raw materials procurement to provision to customers
Launch to market	• Final confirmation of the final product specification and items agreed with customers • Confirmation of each preparation status for manufacturing, quality assurance, environmental safety and distribution • Final evaluation of definitive costs and profitability • Final confirmation of compatibility with related laws and regulations
Change control	• Quality and supply impact assessment of all changes across the product lifecycle (equipment, machinery, manufacturing method, raw materials, testing methods, product specification) • Planning, implementation and documented information on changes in line with the agreed process, including verification and validation, as applicable • Prior customer contact and approval when the situation demands

Risk Management

◆ Risk Management-based Anti-Exposure Measures

At Nippon Kayaku, when introducing new operations and equipment, or making changes to existing operations or equipment, we initially conduct a risk evaluation via safety inspection and construct safety policies around the ensuing results. We also evaluate the safety of each chemical manufacturing process and response equipment to analyze the causes of hazards. By way of measures to reduce risks in the manufacture and handling of chemical substances, and against the backdrop of the revised Industrial Safety and Health Act of 2016 which mandated risk assessments for workplaces either making or handling chemical substances, we have, through the conducting of safety inspections with respect to either new or altered operations that involve the handling of substances covered by the Act and other hazardous substances, constructed our own internal database on which to base our risk management and risk reduction measures. This database has been updated to include the expanded list of chemical substances subjected to risk management in the revised Industrial Health and Safety Act from 2024 onwards, enabling us to conduct risk management in line with the most current laws, promote it companywide, and centralize oversight. We have also put up GHS picture displays in each chemical-substance-handling workplace so that handlers can recognize the harmful effects of the substances to which they might be exposed.



We are raising awareness among workers of the harmful effects of the chemical substances to which they might be exposed.

Safety in Distribution

The Nippon Kayaku Group is engaged in initiatives to reduce environmental burdens connected to distribution and ensure safety during transportation. As the products we handle contain numerous hazardous materials, we forever place meticulous care on safety during transportation. We therefore carry out periodical drills on distribution accident scenarios, and are strengthening our management system for prevention of leakage and spillage of chemical substances. Our Agrochemicals Group, for example, with the aim of improving safe transportation of its chloropicrin soil fumigant, holds collective annual drills on Distribution Accident Emergency Response and Reporting at all three domestic chloropicrin manufacturers. The drills involve practical application of the chain of processes from the establishment of a Disaster Response HQ to transmission of information and requests for support. All participants join with a degree of healthy tension as we seek to prepare a speedy and precise response to real emergencies.

Reducing Chemicals of Concern

◆ Reducing Emissions of Chemicals of Concern during the Manufacturing Process

So as to reduce emissions of chemical substances that must be registered under Japan's Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Act), Nippon Kayaku is moving forward with the installation of exhaust gas treatment apparatus and the switching of raw materials. Our calculations for emission amounts of the chemical substances to be reported under the PRTR Act are as follows.

Indicators		Scope	Unit	2021	2022	2023	2024 ^{*2}	2025
PRTR substance emission amounts	Air	non-consolidated	tons	25.2	38.7	32.9	27.2	18.5
	Water regions	non-consolidated	tons	14.7	51.4	75.0	1.6	1.76
	Soil	non-consolidated	tons	0	0	0	0	0
	Total ^{*1}	non-consolidated	tons	39.9	90.1	107.9	28.8	20.3

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Since FY2024, only PRTR substances have been published (FY2023 revisions to the law saw changes to the list of substances, with Japan Chemical Industry Association Survey substances excluded)

◆ Initiatives to Reduce, Replace and Eradicate Chemicals of Concern from Products

In order to appropriately respond to accelerating efforts to strengthen regulations across the globe, we are currently operating our own self-designed management structure based on the legislation and international standards relating to each business unit. By striving to reduce Chemicals of Concern in both raw materials and parts all the way from the product design stage, we are making every effort to minimize the risks to people and the environment.

Mobility & Imaging Business Unit

In its efforts to clarify the chemicals whose inclusion in products is banned, or whose presence should at least be grasped, our Safety Systems Group refers to the GADSL^{*} when seeking to strictly manage or reduce the use of Chemicals of Concern in the development, design, procurement, production and distribution phases of the product life cycle. The GADSL^{*} represents the industrial-standard Chemicals of Concern List for leading car makers, parts makers and chemical manufacturers in Japan, the US and Europe, with chemicals categorized as: "Prohibited," "Prohibited depending on use or declarable," and "Declarable based on usage exceeding a given threshold."

* Global Automotive Declarable Substance List

Fine Chemicals Business Unit

Our Fine Chemicals Business Unit defines as "environmentally hazardous substances" those that appear in "Company Regulations for the Management of Chemical Substances in Products" and the "List of Environmentally Hazardous Substances" as threats to the environment and human health, and whose presence in our own products must be carefully managed. Based on the above, we apply proper handling methods to chemicals contained in each business unit's products at every stage of the life cycle: design, development, purchasing, manufacturing, and shipping. The List of Environmentally Hazardous Substances is based on, and appropriately updated according to, domestic and international regulations such as REACH Annex XVII (Restricted Substances), REACH SVHC (Candidate List of Substances of Very High Concern), the RoHS Restricted Substances List, and Japan's "Chemical Substances Control Law: Class 1 Specified Chemicals". It proves of considerable help when gathering information on chemical substances present throughout our supply chain. This business unit, without exception, takes action to reduce, replace or eliminate Chemicals of Concern from its products as specified in Management of Chemical Substances in Products regulations.

Respecting Legislation and Presentation of Information

◆ Responses to Laws and the Various Standards

We comply with laws and regulations governing the assessment and manufacture of chemical substances in Japan and other countries and regions, including the EU, the United Kingdom, the United States, China, South Korea, and Taiwan.

◆ The Domestic and International Registration Laws, Regulations and Systems to which we Responded in FY2025

Country/Region	Chemical Substance Management Law / Regulation
Japan	CSCL (Chemical Substances Control Law) and ISHA (Industrial Safety and Health Act)
European Union (EU)	EU-REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)
United Kingdom (UK)	UK-REACH (UK Registration, Evaluation, Authorization and Restriction of Chemicals)
United States	TSCA (Toxic Substances Control Act)
China	MEE Order No.12 (Measures for the Environmental Management Registration of New Chemical Substances)
South Korea	K-REACH (Act on the Registration and Evaluation of Chemicals)
Taiwan	TCCSCA (Toxic and Concerned Chemical Substances Control Act)
Philippines	RA6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990)
Australia	Industrial Chemicals Act 2019

* This table covers the Fine Chemicals Business Unit.

Additionally, international laws and regulations pertaining to chemical substances are increasingly moving away from the erstwhile focus on substance toxicity itself and towards a combination of toxicity and exposure amounts. Furthermore, whereas individual countries' chemical substance registration systems have previously tended to target new chemical substances, they now require appropriate evaluation and management of the toxicity and environmental impacts of existing chemical substances too. Presently, the EU's REACH Regulation,^{*1} the UK's UK-REACH Regulation, South Korea's K-Reach Chemical Assessment Law^{*2}, Taiwan's Toxic and Concerned Chemical Substances Control Act all require the registration of both new and existing chemical substances. They also necessitate the gathering and management of all necessary information pertaining to manufacturing and imported amounts, applications, use methods and the supply chain. So as to respond to these added complications and upgrades to chemical substance management, our Fine Chemicals Business Unit has set up a Chemical Substance Management Section in its Quality Assurance Division which: responds to domestic and international chemical substance registration systems; grasps the trends and movements in each country's chemical legislation and regulations, makes policy suggestions, and accordingly informs and instructs relevant managers; and both unifies and supports product SDS and label management.

*1 REACH Regulations: EU regulations on Registration, Evaluation, Authorization and Restriction of Chemicals

*2 Act on the Regulation of Manufacture and Evaluation of Chemical Substances: The law on chemical substance registration and evaluation

◆ Conveyance of Information on Product Hazards via SDS and Labels

Whilst the GHS^{*1} may serve as the international standard for chemical substance classifications and labeling, the systems and standards for Safety Data Sheets (SDS) and labels differ from country to country. In addition, so that hazard information can be clearly conveyed to handlers of chemical substances, the relevant information is required to be submitted in each relevant country's language.

Fine Chemicals Business Unit

Fine Chemicals Business Unit, through reliance on an abundance of translation skills, information pertaining to each country's laws and regulations, and its system for creating SDS with information on physical and hazardous properties, is responding to the demands for SDSs and labels which correspond to the latest laws and standards of each country. In response to ongoing revisions of Japan's Industrial Safety and Health Act and Japanese Industrial Standards, the EU's CLP regulations^{*2} and the USA's HCS^{*3}, we are working towards stable operation of a system which allows for SDSs and labels to be updated efficiently and accurately. So that everyone may use our products safely and securely, we supply all our customers and relevant individuals with SDSs specifying the chemicals used in every single product, and convey all key information along our supply chain. Furthermore, you may use our [enquiry form](#) to demand an SDS whenever you desire.

Life Science Business Unit

So that its customers can appropriately grasp information pertaining to toxicity of Nippon Kayaku products, our Agrobusiness Group has published an SDS [website](#)  as it prepares to make such information viewable and downloadable at all times. It has also developed its own Wrapping Specification Management Regulations so that all information displayed on individual product wrapping, labels and external wrapping conforms to relevant laws and is properly managed. It has furthermore strengthened its inspection and approval process for manufacturing and revisions, as well as implemented unified management via a database. The Group is therefore ensuring a system constantly capable of presenting the latest information, including on switchovers at times of revision and inventory management.

*1 GHS: Globally Harmonized System of Classification and Labelling of Chemicals

*2 CLP: European regulations for the Classification, Labelling and Packaging of Chemicals

*3 HCS: Hazard Communication Standard for the USA

Training

We provide education programs at every plant, and for each workforce layer, aimed at improving safety consciousness. We are currently enriching the education contents on chemical laws and regulations, including the so-called "Three SDS Laws": The Chemical Management Act, The Safety and Health Act, and the Poisonous Substances Act.

➤ [Work Safety & Health ; Health Management>Education and Training](#)

Industrial and International Initiatives

The Nippon Kayaku Group belongs to the Japan Chemical Industry Association and has signed up to Long-range Research Initiatives (LRI) since 1999. In addition to shouldering part of the research funding burden, we also sit on the committee.

The LRI proceeds under the umbrella of the Japanese, American and European chemical industries (The Japan Chemical Industry Association, The American Chemistry Council, and the European Chemistry Industry Council). A voluntary activity conducted by the International Council of Chemical Associations (ICCA), it focuses on increasing the accuracy of risk assessments for internal secretion and endocrine disrupting action, neurotoxicity, chemical carcinogenesis and immunotoxicity, and supports long-term research of the effects of chemical substances on the environment and people's health.

➤ [LRI](#) 

Preventing Pollution

Policy and Basic Approach

The Nippon Kayaku Group is working on preventing pollution and conserving the environment via its Declaration on the Environment, Health and Safety, and Quality. We recognize that increasing environmental value through reducing environmental burdens is a key issue for our Group. With respect to emissions released into the air, water and soil from industrial waste produced, we not only respect national and regional laws but manage such emissions in line with our own yet higher numerical targets. In such ways are we striving to decrease pollution and pollutants.

- > [Our Declaration on the Environment, Health, Safety and Quality](#)
- > [This Year's Nippon Kayaku Group Responsible Care Policy](#)

System

- > [Responsible Care Promotion System](#)

Audit

In order to confirm whether wastewater and waste are being appropriately managed at every business site and Group company, the Nippon Kayaku Group conducts audits in the form of Core Environment, Safety and Health Diagnostic Checks. These Checks allow us to confirm any problems or inadequacies regarding compliance with laws and regulations on wastewater and waste treatment, run our eye over wastewater treatment areas and waste disposal areas, and grasp any problems with the management situation.

- > [Responsible Care Audits](#)

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
VOC Emission Amounts Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated

- > [FY2025 Sustainability Targets and Results](#)

Initiatives

Reducing VOC and Toxic Air Pollutant Emissions

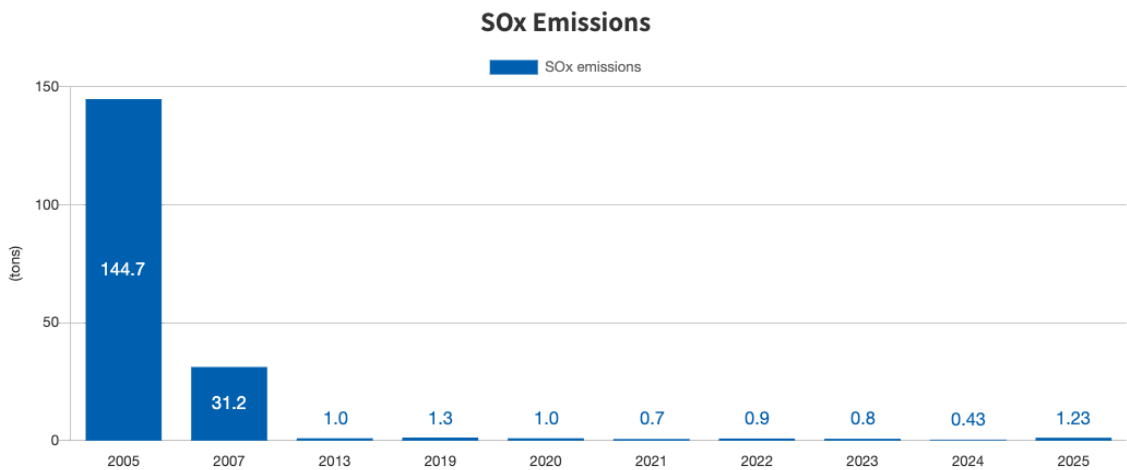
We are not only working to calculate and reduce emissions of VOCs listed in the Air Pollution Control Act, but of VOCs specified by the Japan Chemical Industry Association also. We are also engaged in reducing emissions of toxic air pollutants from 12 substances we have voluntarily agreed to control, including dichloromethane and formaldehyde. Key examples of initiatives we have taken are listed below.

- Exhaust gas processing equipment installed
- Gas absorption equipment installed
- Regenerative combustion equipment installed
- Working practice reform; review of possible substitutes for chemical substances used
- Leakage prevention measures

Reducing Sulfur Oxides (SOx), Nitrogen Oxides (NOx) and Particulate Matter

Below can be found a list of Nippon Kayaku measures taken thus far to keep emission levels of SOx, NOx and particulate matter below even the legal requirements.

- Switchover of combustibles from C-class heavy oil to A-class heavy oil, LPG and natural gas
- Introduction of low NOx boilers and small-sized once-through boilers
- NOx denitrification equipment installed
- Dust collectors installed



Wastewater Management

At every plant do we prepare treatment equipment to deal with manufacturing process wastewater depending on its composition, and hold ourselves to higher standards than those imposed by law and local authority regulations when keeping tabs on water pollution figures. FY2025 saw zero violations of domestic laws and regulations pertaining to wastewater treatment (such as the Water Pollution Control Act) and treatment and cleansing of waste (such as the Waste Management and Public Cleansing Act).

> [Numbers of Environmental Violations](#)

Reduction in Hazardous Substances

Based on Japan’s Waste Management and Public Cleansing Act, we have defined Specially Controlled Industrial Waste as “hazardous waste” and prepared an appropriate management system based on internal regulations. Under such strict management practices are we mapping out a thorough process of proper hazardous waste disposal. We are concurrently moving forward with efforts to reduce the overall presence of hazardous substances via thorough suppression of their initial production and waste sorting. Although amounts of waste produced overseas are limited at present, we have still identified hazardous waste in line with the Basel Convention and each relevant country’s laws, and are managing appropriately.

Education and Training

◆ Head Office

Wastewater Treatment Fundamentals Seminar

With our Technology and Responsible Care Division at the core of the initiative, February 2026 saw us aim to improve understanding of wastewater treatment in general. To this end, we held a seminar for all responsible persons connected with wastewater treatment for each domestic business site's manufacturing line, facilities, technologies and environmental safety. Meeting the standards laid down in the Water Pollution Control Act when releasing factory wastewater into public water areas, and the sewage discharge standards of the Sewerage Act when releasing such wastewater into sewage systems, requires appropriate pre-processing. In our case, the items produced and substances handled differ from site to site, making for diverse wastewater conditions, and necessitating site-appropriate selection of processes which can be stably operated daily. The seminar therefore went over the basics of coagulation treatment and biotreatment; drug infusion amounts; the relationship between treated wastewater quality and pollution amounts produced; operation and management indicators for the active sludge method; responses to load fluctuations and problems such as bulking; and case studies connected to energy-saving and cost-reduction. We will now move forward with continual training for deepening relevant understanding as we work towards thorough compliance and stable operations.

Related Data

➤ [ESG Aggregated Data\(Industrial Waste and Pollutants\)](#)

Effective Use of Resources

Policy and Basic Approach

With its aim of contributing towards a sustainable society through efficient use of limited resources, the Nippon Kayaku Group conducts initiatives mindful of global sustainability across the entire product lifecycle, from the R&D and manufacturing phases to sales and recycling. In addition, waste amounts, recycling rates and zero-emission rates have been fixed as key targets of our Sustainability Action Plan as we move ahead with advances in both waste reduction and efficient resource use.

- [Our Declaration on the Environment, Health, Safety and Quality](#)
- [Nippon Kayaku Group Responsible Care Policy](#)

System

- [Responsible Care Promotion System](#)

Audit

In order to confirm whether wastewater and waste are being appropriately managed at every business site and Group company, the Nippon Kayaku Group conducts audits in the form of Core Environment, Safety and Health Diagnostic Checks. These Checks allow us to confirm any problems or inadequacies regarding compliance with laws and regulations on wastewater and waste treatment, run our eye over wastewater treatment areas and waste disposal areas, and grasp any problems with the management situation.

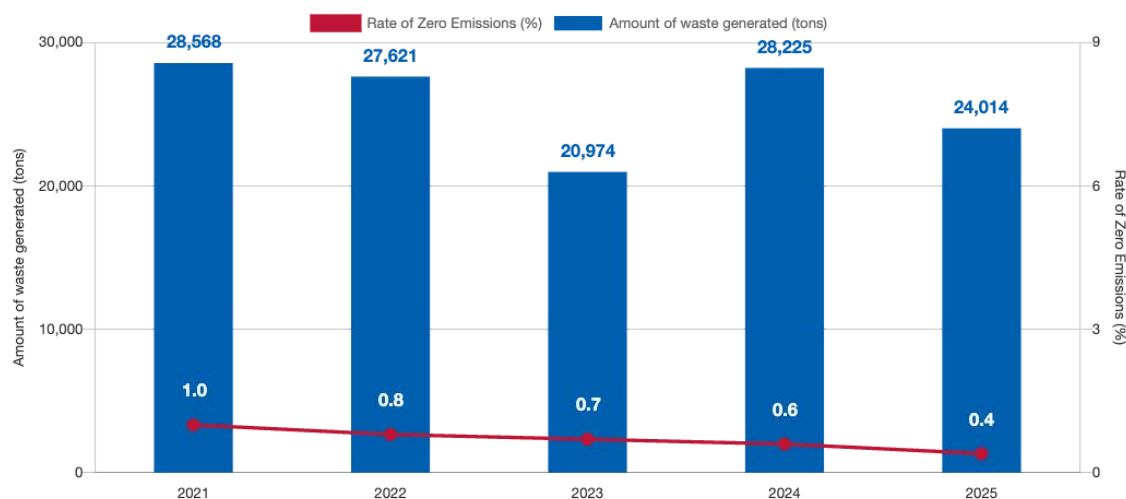
- [Responsible Care Audits](#)

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Recycling Rate	82% or higher	85% or higher	Non-consolidated
Zero-emissions Rate	0.8% or less	0.6% or less	Non-consolidated
Waste generation *Compared to FY2024	1% per-unit reduction	3% per-unit reduction	Consolidated

- [FY2025 Sustainability Targets and Results](#)

Trends in Waste Generation Amounts and Zero-emission Rates (non-consolidated)

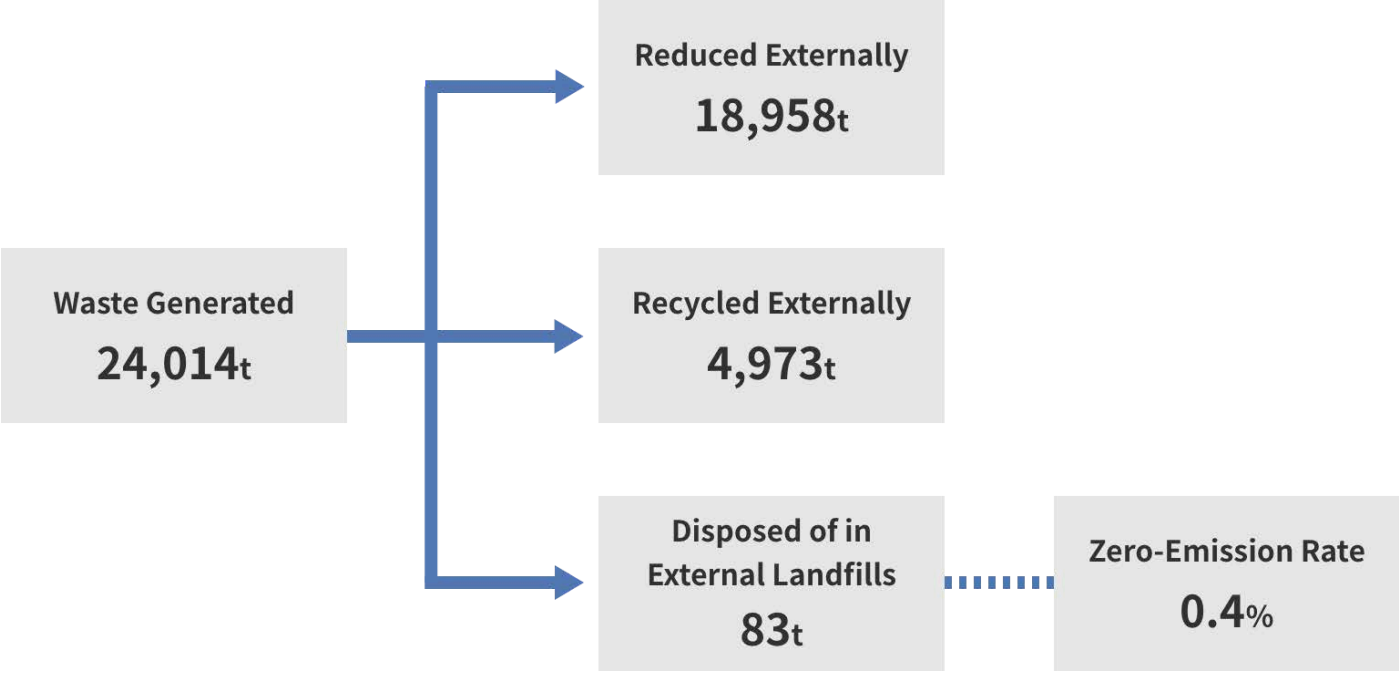


Initiatives

Waste reduction

In order to advance efficient resource use are we engaged in initiatives to hold down waste production at every business site. Through treating generated waste thoroughly and appropriately under our waste management system based on internal regulations, upgrades to waste sorting, and promotion of recycling, are we pressing ahead with resource circulation.

FY2025 Waste Generation and Treatment Flow (Japan)



◆ Responding to the Law on Plastic Resource Recycling

Amid the ever-changing, ever-stricter environment around plastics did Japan introduce a Law related to the Promotion of Recycling of Plastic-related Materials (Law on Plastic Resource Recycling) in April 2022. Under this Law, Nippon Kayaku can be defined as a “heavy waste producer”. Hence, in order to contribute to a sustainable society, we are mindful of the 3Rs (Reduce, Reuse and Recycle) as we drive forward efforts to systematically fix plastic waste targets and reduce the volumes produced.

Plastic Waste Emission Amounts

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Plastic waste emissions	Non-Consolidated	tons	888	885	788	780	770
	Group companies	tons	277	326	326	294	319
	Total	tons	1,593	1,602	1,375	1,074	1,019
Recycling rate	Non-Consolidated	%	80.8	81.8	91	95	98

◆ Business Unit Initiatives

Mobility & Imaging Business Unit

Industrial Waste Management

Kayaku Safety Systems de Mexico (KSM) properly sorts its solid waste into wood, cardboard, nonferrous metals, aluminums and plastics, and is constantly on the lookout for external suppliers who can reuse these materials. The materials are stored in a fixed place for 2 to 3 months before being collected by government-certified suppliers.

The recyclable elements of industrial waste are delivered to various recycling companies so that wood being can be repurposed for wooden pallets, cardboard is also reused, and new materials can be generated from plastic, aluminum and steel.

The end of 2021 brought waste management improvements. Prior to that, we had no proper sorting system, meaning that waste was sent for treatment while containing resources that could yet be effectively used. We have now rectified that by fixing reuse and waste standards for each type of waste, and sorting in line with those standards. This has made sorting decisions easier for workers, thereby increasing efficiency, accuracy, and recyclable amounts of metals, wood and plastic. We have also boosted reusable materials by reassessing plastics formerly designated as waste. Our higher recycling amounts have also produced the secondary benefits of less municipal waste and landfill disposal. Waste sorting not only takes place on the shop floor, but also in such areas as the employee break room, where general waste is sorted.



Recycling amounts

Category		Scope	Unit	2021	2022	2023	2024	2025
Metals		KSM	tons	1	3	9	9.7	24.7
Plastics		KSM	tons	50	73	77	48.1	60.8
Lumber		KSM	tons	10	4	9	10.5	31
Cardboard		KSM	tons	24	23.3	26	36.5	36.4
Municipal waste		KSM	tons	160	165	112	114.4	97.9
Packing material	Trays	KSM	pieces	-	-	-	5,975	26,970
	Polystyrene	KSM	tons	-	-	-	0.3	1.3
	Saving	KSM	JPY 10,000	-	-	-	86.5	390.6

Fine Chemicals Business Unit

Pursuing Zero Emissions through Effective Use of Waste

In addition to cutting volumes of waste produced, Nippon Kayaku promotes exploring the reuse of waste as a future resource. Of the many types of waste generated by the Fukuyama Plant, sludge produced during microbial water treatment comes in particularly large amounts. As the moisture component of sludge makes it difficult to treat, we formerly sent it to landfill after the proper management processes. As a result of our exploration of using this sludge as a resource that could help decrease environmental burdens, it is now being effectively used by one incineration firm as a heat-adjustable fuel (or so-called “reduced fuel”) and by another incineration firm which converts incinerated ash into materials for cement or roadbeds. The Fukuyama Plant is also looking at ways of utilizing other forms of industrial waste, and continues to achieve rates of 0% landfill and 100% recycling.

Going forward, the plant will strive to keep the proportion of industrial waste sent to landfill (the Zero-emissions Rate) at 1% or lower, and maintain recycling rates of 99% or above.

Life Science Business Unit

Pharmaceutical Product Initiatives

Our environmentally-friendly packaging initiatives see us respect domestic and overseas legislation and regulations related to the environment, envisage the risks associated with product development, manufacturing processes and business activities, and advance efforts to reduce environmental burdens, prevent pollution, save energy, mitigate climate change, conserve resources, and reduce waste.

Our pharmaceutical packaging has been certified by the Forest Stewardship Council (FSC) and has acquired an FSC license. We are sequentially switching over our pharmaceuticals packaging boxes, patient brochures and shipping boxes to FSC certified paper, as well as widening the use of eco-friendly (non-VOC) inks. As of May 2026, of our 64 products with 117 items, 36 products with 63 items (56%) of packaging material and 51 of 117 leaflet materials (44%) have been switched over to environmentally-friendlier alternatives. Furthermore, a new initiative, so far rolled out to 11 of 23 product items, has seen us promote a switchover from cup-shaped to pedestal-shaped protective wrapping. We shall henceforth continue with efforts to reduce both plastic use and CO₂ emissions.

Related Data

> [ESG Aggregated Data\(Industrial Waste and Pollutants\)](#)

Water Resource Conservation

Policy and Basic Approach

Water resources are key resources in limited supply, making their sustainable use and conservation an international issue. For the Nippon Kayaku Group, water is not only recognized as an irreplaceable support for our business activities, not least in the manufacture of chemical products, but also as a vital resource to be shared with local communities and ecosystems. With our business now expanded to 12 countries and regions, our Group considers water resource conditions and regional characteristics at each of its sites and works towards both efficient water use and appropriate water management. We are therefore engaged in water use reduction, promotion of recycling, and thorough water quality management so as to lessen environmental burdens and help conserve water resources. We are also preparing systems capable of appropriately responding to physical risks stemming from the effects of drought, flooding and water pollution, as well as external environmental risks, such as tightened water regulations and water price fluctuations, perceived to possibly impact our business. Moving forward, while seeking compatibility between business activities and water resource sustainability, we shall contribute to solving the water issues of society at large.

System

➤ [Responsible Care Promotion System](#)

Initiatives

Grasping Locations of Water-stressed Regions

The Nippon Kayaku Group has grasped the risks related to water resource use. In pursuit of more efficient responses, we have made use of the World Resources Institute (WRI)-developed “Aquaduct” water risk assessment tool to investigate water stress conditions for each region hosting a Group factory. For Kayaku Safety Systems (Huzhou) Co., Ltd., where the water stress level has been deemed “High to Medium” and thus comparatively high, we have fixed a plan for periodical Environment, Health and Safety Audits as we continue to confirm the implementation of appropriate water resource management. Moving forward, we will roll out such confirmatory checks to all other factories in high water-stress regions, and press on with the fixing of plans to reduce future water quantities used.

Water-stress Investigation Results for Nippon Kayaku Group Manufacturing and R&D sites (FY2025)*1

Region / Country Name		Unit	Water amounts used at each water stress				
			High	Medium-high	Medium	Low-medium	Low
Asia	Japan	thousand m ³ (Number of sites)	0	1,451 (2)	20 (3)	8,257 (5)	0
	China	thousand m ³ (Number of sites)	20 (1)	436 (3)	0	0	0
	Malaysia	thousand m ³ (Number of sites)	0	0	0	0	24 (1)
Europe	Czech Republic	thousand m ³ (Number of sites)	0	20 (1)	0	0	0
	Netherlands	thousand m ³ (Number of sites)	0	0	0	0	3 (1)
	United Kingdom	thousand m ³ (Number of sites)	1 (1)	0	0	0	0
North and Central America	United States	thousand m ³ (Number of sites)	65 (1)	0	0	2 (1)	0
	Mexico	thousand m ³ (Number of sites)	8 (1)	0	0	0	0
Total*2		thousand m ³ (Number of sites)	94 (4)	1,907 (6)	20 (3)	8,259 (6)	27 (2)

*1 We are currently using the Aqueduct Water Risk Atlas to investigate these points.

*2 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Water Management Plan and Reductions

For the Nippon Kayaku Group, water is a key management resource which supports our product manufacturing process. We therefore observe it from the dual compatible standpoints of efficient water resource use and reducing environmental burdens, and are moving forward with relevant initiatives at every business site, including: grasping and monitoring amounts of water used, promoting process improvements and recycling; and thorough wastewater management. Since FY2024, we have also implemented the LEAP analysis based on the thoughts of the Taskforce on Nature-related Financial Disclosures (TNFD) to view water resources from the standpoints of dependency and effect, and identify Materiality Regions as management priorities. We shall therefore move forward with a focus on business sites in high water-stress regions, and upgrade our water resource management through fixing specific targets for water use reductions and efficiency, and better continuous monitoring. Such initiatives will take us towards achieving compatibility between delivering sustainable water resource use and stable business growth.

◆ Business Unit Initiatives

Fukuyama Plant

Initiatives Aimed at Reducing Water Use

At the Fukuyama Plant, wastewater emanating from the dye production process is treated onsite, then released into the Seto Inland Sea. The plant has been producing inkjet printer dyes since the year 2000, and has consequently invested effort into improving wastewater treatment methods, looking into individual processes tailored to production type and examining numerous ways of altering production processes to lower environmental burdens. The fruits of such activities can be seen in the form of phased reductions in contracted industrial water amounts, which fell from 24,000m³ to 23,000m³ per day in FY2015, and to 22,000 m³ per day in FY2018. Thanks to further polishing of its wastewater treatment methods, the plant is now able to produce more on the same amounts of industrial water. It is also working on reducing the amounts of regular water used both production and equipment cleaning.

Kayaku Safety Systems Europe

Introduction of Rainwater-utilizing Equipment

As part of its capital investment activities to promote environmental conservation, Kayaku Safety Systems Europe (KSE) introduced a water storage tank system in 2017 so that rainwater may be used more efficiently. It has installed the equivalent of 750.5 m³ tank. By using both rainwater and the water released by the shop floor air conditioning system for purposes other than drinking, the plant has not only achieved more efficient use of water resources but also lowered its costs. Water reuse is currently of pivotal importance to the Czech Republic, which has seen rainfall decrease under the impact of climate change. The amount of water that KSE has stored up post-FY2020 exceeds the annual drinking amounts of all KSE employees and their families (around 4000 people). This particular project therefore marks a contribution towards a sustainable society.



Indicators	Scope	Unit	2021	2022	2023	2024	2025
Volume of water store (planned)	KSE	m ³	5,040	5,040	5,040	5,040	5,040
Volume of water stored (actual)	KSE	m ³	7,234	6,802	7,786	7,043	6,830
Cost Savings	KSE	JPY 10,000	411	335	428	477	536

Kayaku Safety Systems Mexico

Initiatives Aimed at Reducing Water Use

As part of its commitment to environmental conservation, Kayaku Safety Systems Mexico (KSM) has embarked upon improving its use of water resources to help resolve issues concerning limited usable water in the surrounding region. KSM mainly uses water for cleaning equipment and containers, and for manufacturing processes.

Improvement activities have involved raising standards for the production process and water treatment, and providing education to make employees more water-resource conscious. KSM's activities throughout FY2024 resulted in a 44% (6870-liter) reduction in use of water resources.

Indicators	Scope	Unit	2022	2023	2024	2025
Water Use	KSM	m ³	15,762	12,792	8,892	7,866
Reduction in Water Use *	KSM	m ³	-	2,970	6,870	7,896
Water Use Reduction Rate *	KSM	%	-	19%	44%	50%
Cost Savings	KSM	JPY 10,000	-	63	146	167.9

* Compared with FY2022

CDP Disclosures (Water Security)

Since 2020, the Nippon Kayaku Group has provided responses to the CDP, an information-disclosure program concerning climate change risks to business. Our responses to the 2025 CDP gained us an A grade for our Climate Change Report and an A- grade for our Water Security Report.

➤ [Recognition and Awards](#)

Related Data

➤ [ESG Aggregated Data\(Water\)](#)

Natural Capital and Biodiversity

Policy and Basic Approach

Recent years have seen deteriorating ecosystem services due to loss of natural capital and biodiversity recognized, alongside climate change, as a key issue capable of severely impacting business operations. Against this backdrop did the Kunming-Montreal Global Biodiversity Framework, adopted at the 2022 UN Biodiversity Conference (COP15), include a list of international targets aimed at realizing the global vision of a world living in harmony with nature by 2050. Such a concept is endorsed by the Nippon Kayaku Group, which is using the framework provided by the Taskforce on Nature-related Financial Disclosures (TNFD) to identify and evaluate the dependencies and impacts of its business operations upon nature. We are also continuously analyzing and examining the risks and opportunities presented by the above. We will continue to aim for a sustainable society living in harmony with nature through sustainable raw material sourcing, more efficient use of water resources, and reduced consumption of chemical substances, thereby feeding in to natural capital conservation and improved resilience.

Information Disclosure based on TNFD Proposals

Governance

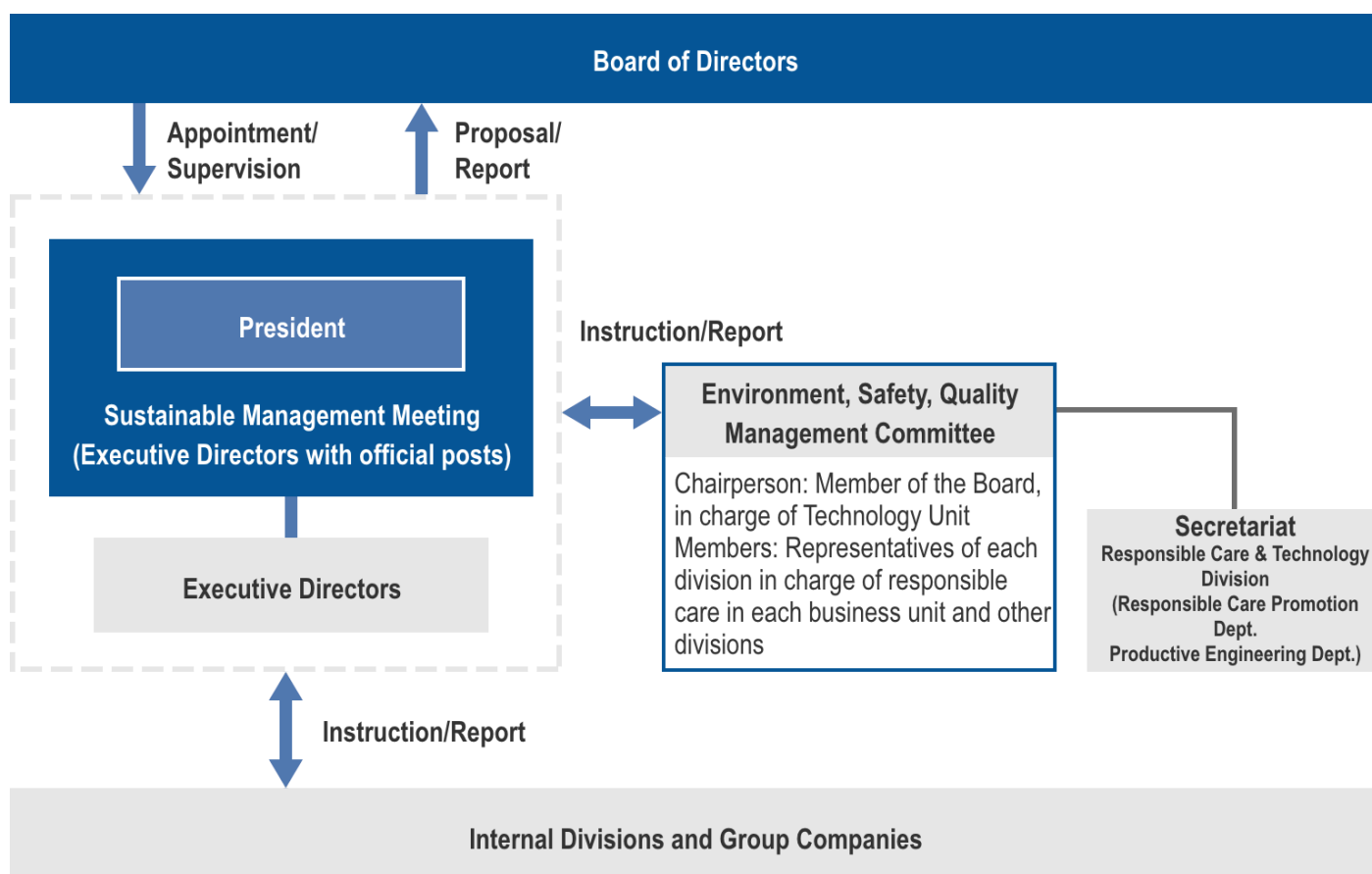
Regarding the environmental aspect of its key sustainability issues, the Nippon Kayaku Group positions the conservation of natural capital, in addition to climate change response, as a material issue. These issues are managed under the same governance, promotion, and monitoring framework as climate change response.

Our natural capital initiatives are discussed, and their status summarized and evaluated, during the business plan review conducted by our Sustainable Management Meeting, which is chaired by our President. The results of such reviews are then relayed to the Board of Directors, which performs a supervisory role. Yet deeper discussions on natural capital and biodiversity issues are held from a cross-cutting groupwide perspective by the Environment, Safety, Quality Management Committee, chaired by our Managing Director in charge of Technology and serving as an advisory body to the Sustainable Management Meeting.

When advancing natural capital initiatives, we place importance on links with stakeholders and showing consideration for the local communities in which our business sites are based. We are also, under the Nippon Kayaku Group Human Rights Policy and Policy on Responsible Mineral Procurement, conducting human rights assessments and Sustainable Procurement Surveys on our suppliers in order to reduce risks connected with environmental harm and human rights violations.

Step-by-step we are advancing our human rights system for all regional stakeholders involved in our business, including indigenous peoples, and looking to expand the scope of our human rights due diligence going forward.

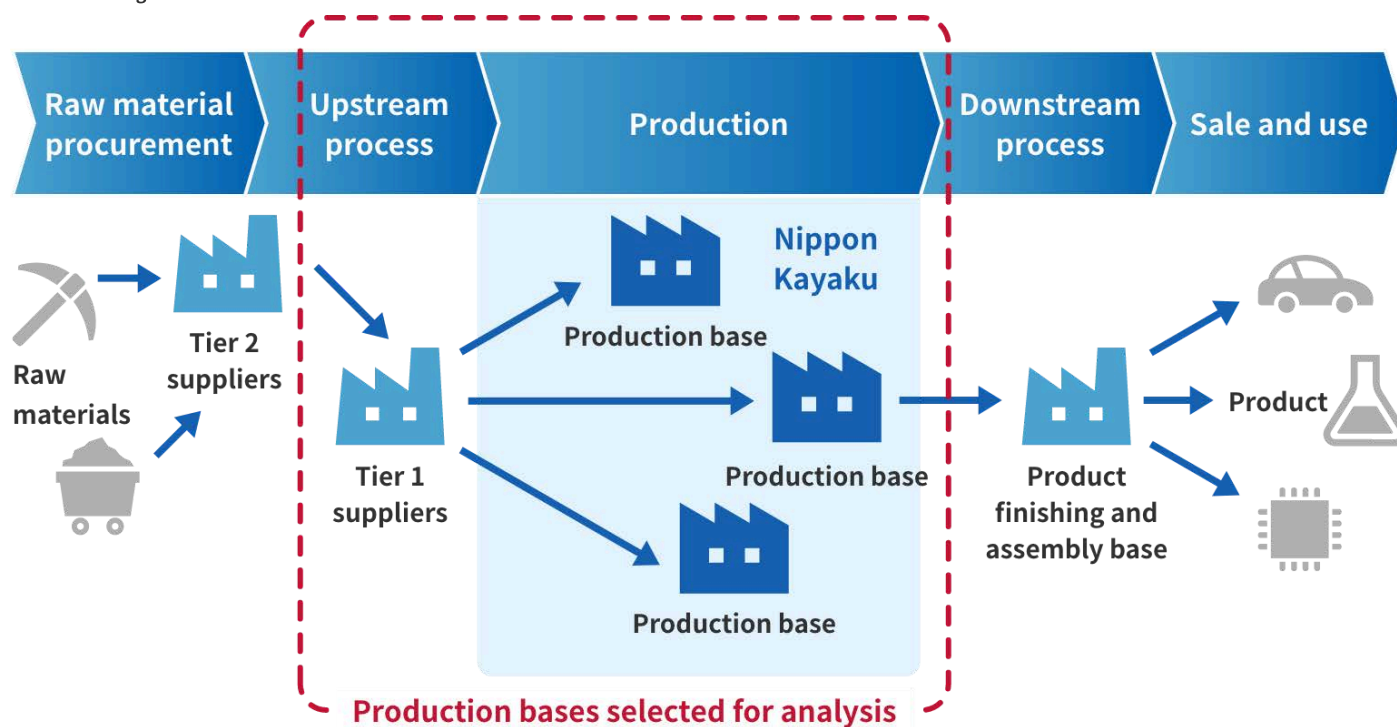
For details on our human rights due diligence, please see [here](#). For details on Sustainable Procurement, please see [here](#).



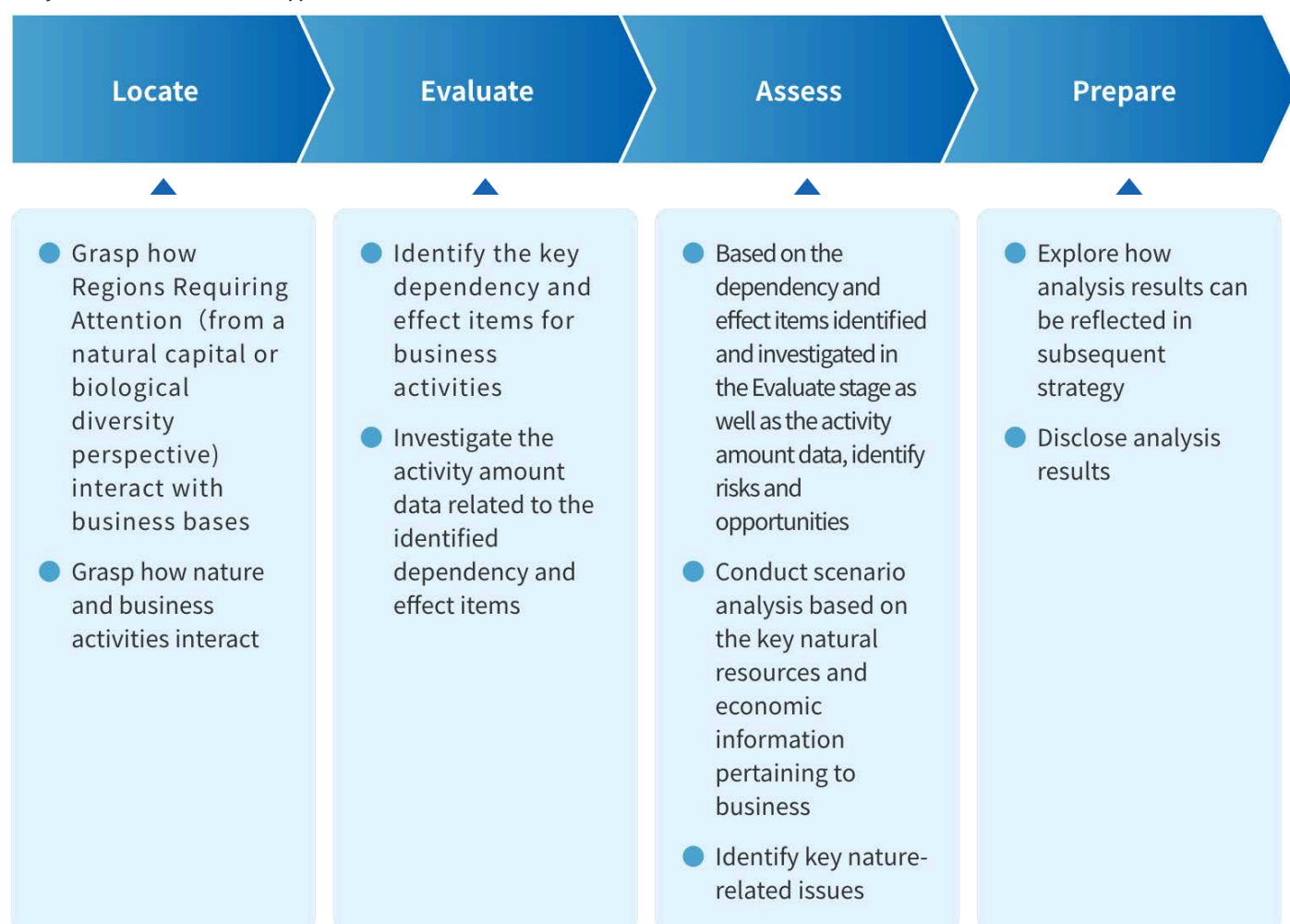
Strategies

In expanding several businesses onto a global scale, the Nippon Kayaku Group feels it essential to ascertain and evaluate the nature-related risks and opportunities facing each business unit. As such, we have utilized the LEAP approach recommended in the TNFD framework to implement our risk and opportunity assessments for natural capital and biodiversity. We have now completed such assessments for all our principal businesses via analysis of our three business units: Mobility & Imaging, Fine Chemicals and Life Science. Our analysis has covered both plants housing direct manufacturing operations and the sites of our main primary suppliers, thereby enabling us to identify risks and opportunities across the entire business process.

Schematic Diagram of the Main Value Chain



Analysis Flow based on the LEAP Approach



◆ Locate: Identification of Regions Requiring Attention

As our relationship with nature means that we greatly depend on the environments around our business bases, we studied these environments from three standpoints: “Key Biodiversity Areas,” “Highly-Sufficient Ecosystem Areas” and “High Water-Risk Areas.” Our research incorporates internationally popular tools such as the Integrated Biodiversity Assessment Tool (IBAT), Global Forest Watch, the GLOBIO Model, and Aqeduct.

List of Regions Posing Risks to Directly-operated Business Bases

Related Units	Business Base Name	Important regions for biological diversity	Regions with high ecosystem sufficiency	Regions with high physical risks
Mobility & Imaging Business Unit	Nippon Kayaku Co., Ltd. Safety Head Plant	Located in a Designated Conservation Area in which biological diversity takes on high importance	-	-
	Kayaku Safety Systems Europe a.s. (KSE)	-	-	-
	Kayaku Safety Systems (Huzhou) Co., Ltd. (KSH)	-	-	Located in a high water stress region
	Kayaku Safety Systems de Mexico, S.A. de C.V. (KSM)	-	-	Located in a high water stress region
	MOXTEK, INC.	-	-	Located in a high water stress region
	WUXI POLATECHNO OPTICS CO.,LTD. (WPLC)	-	-	Located in a high flood-risk region
	RaySpec Ltd.	-	-	Located in a high water stress region
Fine Chemicals Business Unit	Nippon Kayaku Co., Ltd. Asa Plant	-	-	Located in a high flood-risk region
	Nippon Kayaku Co., Ltd. Tokyo Plant	-	-	Located in a high flood-risk region
	KAYAKU CHEMICAL (WUXI) CO.,LTD. (KCW)	-	-	Located in a high flood-risk region
	WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. (WAC)	-	-	Located in a high flood-risk region
Life Science Business Unit	Nippon Kayaku Co., Ltd. Takasaki Plant	Located in a Designated Conservation Area in which biological diversity takes on high importance	-	-
	NIPPON KAYAKU FOOD TECHNO CO.,LTD.	Located in a Designated Conservation Area in which biological diversity takes on high importance	-	-

Our research has revealed that some of our business sites are indeed located in conservation areas, including Key Biodiversity Areas, water stress areas, and flood hazard areas. While establishing a base of thorough compliance with legal standards at every business site, we also recognize the importance of boosting risk management and monitoring activities for the environment and ecosystems surrounding sites in Key Biodiversity Areas. We are also enhancing water resource management at sites in water stress regions, even though their water use is already minimal, and working towards enhanced measures for sites in flood hazard areas based on TCFD scenario analysis. We have also conducted a similar analysis of our 20 biggest suppliers by volume for the Safety Systems and Polatechno groups in our Mobility & Imaging Business Unit, our Fine Chemicals Business Unit, and the Agrochemicals and Pharmaceuticals groups in our Life Science Business Unit. Our audits have enabled us to press for improvements from suppliers in high-climate-risk regions, and promote natural environment considerations across the entire supply chain.

◆ Evaluate: Identification and Assessment of Dependencies and Impacts

For our assessment of how our Group's business activities depend and impact upon natural capital, we made use of ENCORE to construct a heat map of every step of the manufacturing process from the upstream stage. The analysis results can be found in the table below.

Direct Operations

Results of the ENCORE Dependency Item Assessment (Direct Operations)

( horizontal scrolling)

Activity				Dependencies														
				Service supplied		Adjustment and maintenance services												
Value chain	Business		Business Activity	Genetic resources	Water supply	Climate matters for the region as a whole	Rain pattern adjustments	Regional climate matters	Air purification	Soil and sediment preservation	Purification treatment for solid waste	Water purification	Water current adjustments	Flood controls	Storm relief	Noise Reduction	Others (Natural excesses)	Mitigation of Sensory Impact (e.g., Light Pollution)
Direct Operations	Mobility & Imaging Business Unit	Safety Systems Business	Automobile parts manufacturing	-	L	VL	VL	L	VL	M	L	M	M	M	M	VL	L	VL
		Polatechno Business	Manufacture of Optical and Precision Analytical Instruments	-	M	VL	VL	L	VL	L	L	M	M	M	M	VL	L	VL
	Fine Chemicals Business Unit	Functional Materials Business	Chemical manufacturing	-	M	VL	VL	L	VL	M	M	M	M	M	M	VL	L	VL
		Color Materials Business																
		Catalysts Business																
	Life Science Business Unit	Pharmaceuticals Business	Pharmaceutical and Medical Device Manufacturing	H	H	VL	-	L	VL	M	M	VH	H	M	M	VL	L	VL
		Agrochemicals Business	Agrochemical Manufacturing	-	H	VL	M	L	VL	M	M	M	H	M	M	VL	L	VL

Results for the ENCORE Impact Item Assessment (Direct Operations)

( horizontal scrolling)

Activity				Impacts							
				Inputs		Outputs					
Value Chain	Business		Business Activity	Land use	Water use	GHG emissions	Air pollutant emissions	Soil and water pollutant emissions	Nutrient Emissions to Soil and Water	Solid waste	Interference (noise pollution, light etc.)
Direct Operations	Mobility & Imaging Business Unit	Safety Systems Business	Automobile parts manufacturing	L	L	VL	L	M	-	L	M
		Polatechno Business	Manufacture of Optical and Precision Analytical Instruments	L	M	M	H	VH	-	M	M
	Fine Chemicals Business Unit	Functional Materials Business	Chemical manufacturing	L	M	M	M	VH	-	M	VH
		Color Materials Business									
		Catalysts Business									
	Life Science Business Unit	Agrochemicals Business	Agrochemical Manufacturing	L	M	M	M	VH	VH	M	VH
		Pharmaceuticals Business	Pharmaceutical and Medical Device Manufacturing	L	M	M	M	VH	M	M	VH

Our assessment results have reconfirmed the essentiality of water use to operations in all three business units, and our dependency on natural environment water supplies for securing core-operation water resources. Further environmental impacts were confirmed to a certain extent in the form of GHG emissions, environmental pollution (air, water and soil), solid waste emissions, and interference (noise, light pollution etc.). Our findings also indicate that reducing these impacts enables the natural environment's waste assimilation, water purification functions and buffering capacity to support our operations to a certain extent. We were also able to confirm a certain level of dependency on the base maintenance functions (soil and sediment preservation, water current control, flood control, storm mitigation) of the natural environments surrounding manufacturing sites, and how such functions help reduce the risk of natural disasters at these sites. We are also implementing a companywide system of measures and monitoring procedures to ensure that impacts and outputs of every business operation are not only quantitatively grasped but falling within the regulatory limits set by each region.

Upstream Value Chain

Results of the ENCORE Dependencies Item Assessment (Upstream)

(horizontal scrolling)

Activity			Dependencies																
			Service supplied		Adjustment and maintenance services														
Value Chain	Business Activity		Biological resource supply	Water supply	Climate matters for the region as a whole	Rain pattern adjustments	Regional climate matters	Air purification	Soil quality management	Soil and sediment preservation	Purification treatment for solid waste	Water purification	Water current adjustments	Flood controls	Storm relief	Noise reduction	Biological pest control	Others (Natural excesses)	Mitigation of Sensory Impacts (e.g., Light Pollution)
Upstream	Crude Oil and Natural Gas Resources	Crude Oil and Natural Gas Extraction	-	M	H	-	L	VL	-	L	L	VL	M	H	L	VL	-	M	L
		Refined Petroleum Products Manufacturing	-	L	VL	-	L	VL	-	M	L	H	M	M	M	VL	-	L	-
		Plastic Products Manufacturing	-	L	VL	VL	L	VL	-	L	L	M	M	M	M	VL	-	L	VL
	Mineral Resources	Ferrous and Non-Ferrous Metal Mining	VL	H	H	VH	L	VL	-	M	L	VH	H	H	M	VL	-	M	L
		Primary Iron and Steel, Precious Metals, and Non-Ferrous Metals Manufacturing	-	H	VL	M	L	M	-	L	L	M	H	M	M	VL	-	-	VL
		Other Fabricated Metal Products Manufacturing and Metal Processing Services	-	M	VL	-	L	-	-	L	M	M	M	M	M	VL	-	L	VL
	Timber Resources	Logging	VH	M	-	-	-	H	H	VH	M	-	M	M	L	VL	H	-	VL
		Paper and Paper Products Manufacturing	-	M	VL	M	L	VL	-	L	M	-	M	M	M	VL	VL	L	-

Results for the ENCORE Impact Item Assessment (Upstream)

(horizontal scrolling)

Activity			Impacts												
			Inputs						Outputs						
Value Chain	Business Activity		Land use	Freshwater area used	Seabed area used	Water use	Biological resource use	Abiotic resource use	GHG emissions	Air pollutant emissions	Soil and water pollutant emissions	Nutrient Emissions to Soil and Water	Solid waste	Interference (noise pollution, light etc.)	Introduction of Invasive Species
Upstream	Crude Oil and Natural Gas Resources	Crude Oil and Natural Gas Extraction	L	VH	VH	M	-	-	H	H	VH	-	M	VH	L
		Refined Petroleum Products Manufacturing	L	-	-	L	-	-	M	H	VH	-	M	VH	-
		Plastic Products Manufacturing	L	-	-	L	-	-	M	M	VH	-	M	M	-
	Mineral Resources	Ferrous and Non-Ferrous Metal Mining	M	VH	VH	M	-	H	M	H	VH	-	VH	VH	L
		Primary Iron and Steel, Precious Metals, and Non-Ferrous Metals Manufacturing	L	-	-	M	-	-	H	H	VH	M	M	VH	-
		Other Fabricated Metal Products Manufacturing and Metal Processing Services	L	-	-	M	-	-	L	L	VH	-	L	M	-
	Timber Resources	Logging	VH	M	-	M	VH	-	M	VH	M	-	L	H	M
		Paper and Paper Products Manufacturing	L	-	-	M	-	-	M	H	M	-	H	M	-

For the upstream process spanning raw material procurement to processing, we have confirmed the distinctive dependency-impact relationships for each individual material we handle (crude oil and natural gas, minerals, and wood). Throughout our analysis of the initial upstream phases of mining, drilling and lumbering, we found trends of deep dependency on natural environment aspects such as a stable climate and abundant water resources, and significant land use impacts on ecosystems and the natural environment. Moving from there to the manufacturing phase of refining and manufacturing, we found process trends common to all resources in the form of rising environmental impacts stemming from air, soil, water, noise and light pollution.

◆ Assessment: Identification and Evaluation of Risks and Opportunities

When examining nature-related risks and opportunities, in addition to the Regions Requiring Attention and dependency-impact relationships analyzed in the Locate and Evaluate phases, we considered the environmental data for each operation site and identified the following five areas as particularly critical dependency-impact items for Nippon Kayaku Group business operations.

Identified Material Topics	1. Water Resources (Withdrawal)
	2. Environmental Pollution (Air, Water, and Soil)
	3. Resource Circularity & Waste
	4. Local Environmental Disturbance (e.g., Noise and Light Pollution)
	5. Natural Physical Regulation Functions (e.g., Disaster Risk Reduction)

Using these priority areas as our starting point, we identified and evaluated the risks and opportunities brought by nature to our business, as well as the impacts of our business upon nature.

Nature-related Risk Inventory

Category	Related Priority Area	Key Risks in Business Activities	Impact on Nature	Risk Time Horizon	Relevance			Key Mitigation Measures
					Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	
Policy and Legal	2. Environmental Pollution	Increased costs of responding to strengthened emissions regulations for air, water and soil pollutant, and operational restrictions	Improved local environments through strengthened emissions regulations on air, water and soil pollutants	Medium to long-term	Medium	Medium	Medium	- Emissions status for every pollutant measured and disclosed - Combustion facilities renewed at high VOC-producing plants; emissions reductions confirmed - Waste water treatment equipment renewed - Zero emissions into soil of PRTR listed substances
		Tightened regulations for agrochemicals used by our customers lead to restrictions on ingredients and uses, resulting in the added costs of reassessing product designs and introducing alternative technologies		Medium to long-term	-	-	Medium	- Residual and biodegradability impacts are analyzed, and the relevant certifications are gained, at the sales stage - Appropriate use briefings are provided to customers
	3. Resource Circularity & Waste	Increased costs of responding to strengthened regulations on waste emissions	Fewer hazardous substances emitted through reduction of waste	Medium to long-term	Medium	Medium	Medium	- Tracking implemented in pursuit of newly-fixed 1% or less zero-emissions targets - Waste volume measurements per-sales-unit completed for high-waste-producing business sites
	4. Local Environmental Disturbance	Tightened regulations for noise, light and odor pollution, and agreements with local regions, lead to restrictions on operating hours and conditions, lowering efficiency and increasing adaptation costs	Reduced disturbance (noise and light pollution) of the surrounding environment	Medium to long-term	Low	Medium	Low	- Appropriate exhaust equipment is selected from a flowchart - Heat treatment of VOC emissions
Market	1. Water Resources 2. Environmental Pollution 3. Resource Circularity & Waste	Raw material price increases due to demand concentrating around low environmental impact materials	Loss of existing ecosystems due to excessive harvesting of biomass resources and human-driven land conversion	Medium to long-term	High	High	High	Engaging our suppliers with the aim of promoting sustainable procurement
Reputation and Liability	1. Water Resources 2. Environmental Pollution 3. Resource Circularity & Waste 4. Local Environmental Disturbance	Non-environmentally-friendly operations, including in raw material procurement, lead to worsening evaluations and reputational damage, causing customers to remove us from lists of suppliers and perhaps triggering litigation from local authorities	An improved environment through heightened importance of environmental considerations	Medium to long-term	Low	Low	Medium	- Zero use of restricted chemical substances inside Japan and in certain overseas countries - Taking steps to ensure zero procurement of raw materials containing chemical substances appearing in a survey based on Green Procurement Regulations
Acute Physical Risks	5. Natural Physical Regulation Functions	Suspended operations and repair costs incurred at certain business sites due to flooding of nearby rivers and landslides caused by typhoons and heavy rain etc.	Disruption of ecosystems in surrounding regions, including rivers; soil deterioration	Short to long-term	Low	Medium	Low	Quantification of financial impacts, and firming up of flood measures based on flood simulation results

Category	Related Priority Area	Key Risks in Business Activities	Impact on Nature	Risk Time Horizon	Relevance			Key Mitigation Measures
					Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	
Chronic Physical Risks	1. Water Resources	Operational restrictions or suspensions due to water shortages	Declining river flows and groundwater availability may disrupt riverine and surrounding ecosystems, resulting in biodiversity loss	Medium to long-term	Medium	Medium	Medium	• Strengthening of water-saving measures during the production process; examination of water reuse and recycling methods • Water intake efficiency with respect to sales ascertained through water intake measurements • Measures to reduce water use and introduce water storage tanks at water-stress-risk business bases have commenced

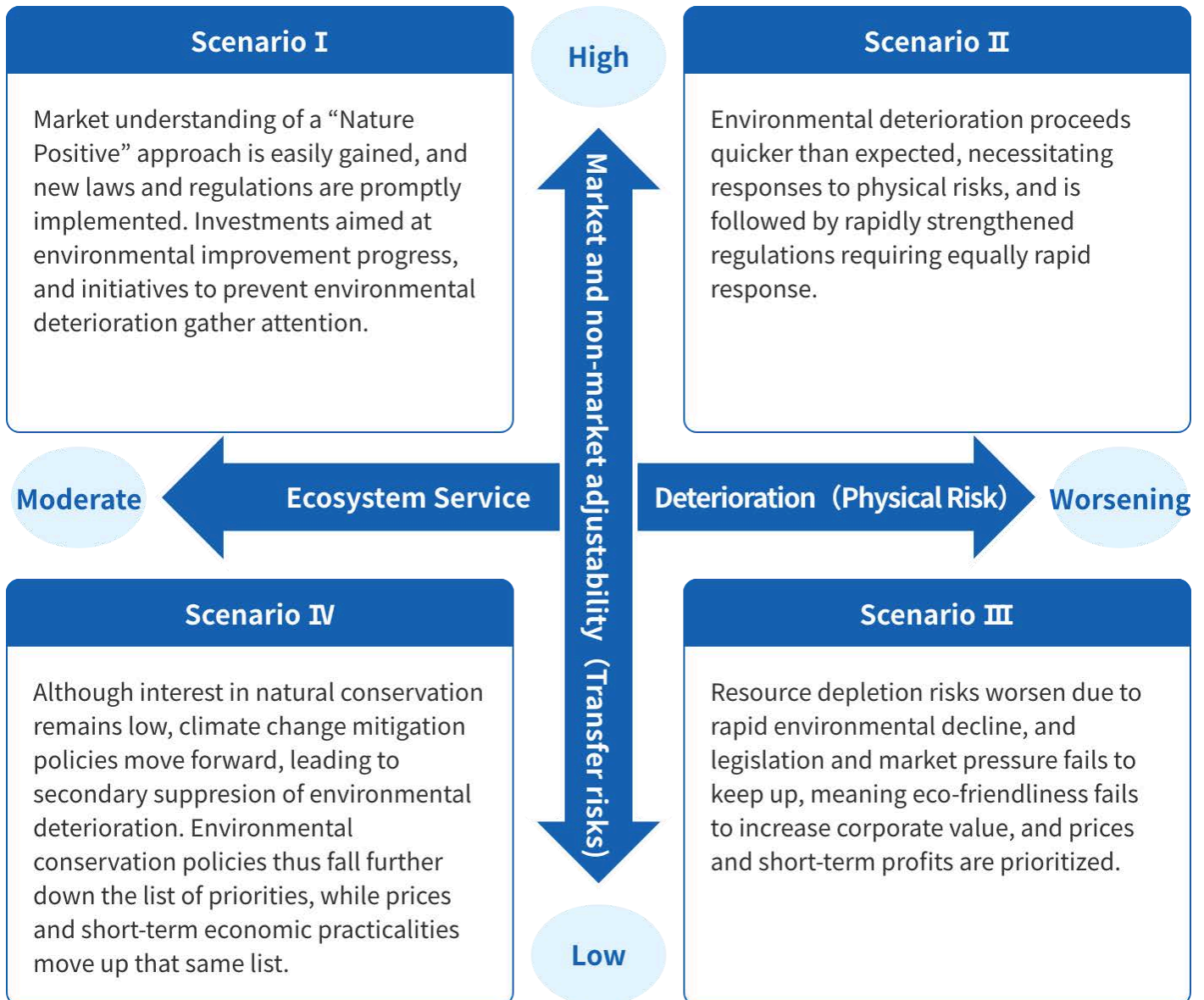
Nature-related Opportunity Inventory

Category	Related Priority Area	Key Opportunities in Business Activities	Impact on Nature	Opportunity Time Horizon	Relevance			Key Mitigation Measures
					Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	
Resource efficiency	1. Water Resources	Production cost savings due to more efficient use of water resources	Water resources in rivers and groundwater will be conserved, helping preserve riverine and surrounding ecosystems.	Short to long-term	Low	Medium	Low	• Water use reduction measures implemented at every plant • Specific targets under examination
	3. Resource Circularity & Waste	Cost savings due to waste recycling and reuse	Avoidance of hazardous substance emissions through sustainable resource use and waste management	Short to long-term	Low	Low	Low	• Measures for recovery of heavily-used solvents generally implemented • Investigating and exploring the merits of other solvent recoveries
Products, services and market	1. Water Resources 2. Environmental Pollution 3. Resource Circularity & Waste	Growing demand for products that contribute to reducing environmental impacts throughout their lifecycle, including manufacturing, use, and end-of-life stages	Improved environment due to reduced environmental impacts	Medium to long-term	High	High	Medium	• Looking at switching over from petroleum-derived to biomass-derived organic materials • Aiming for development of lighter products which use fewer resources and reduce environmental impacts at the point of use
	2. Environmental Pollution	Tightened agrochemical regulations and growing concerns about biodiversity conservation are increasing demand for low-toxicity agrochemicals and creating new business opportunities for environmentally friendly products.	The introduction of low-toxicity agrochemicals and alternative pest control techniques reduces impacts on ecosystems and water quality	Medium to long-term	-	-	Medium	• Development of agrochemicals with extremely low impact on pollinators leads to expanded sales opportunities
Reputation	All of 1-5	Increased corporate value from improved ESG evaluations and reputation due to natural conservation activities during the conduct of business	Improved environment due to promotion of eco-friendly activities	Medium to long-term	Medium	Medium	Medium	• Proactive disclosure of environmental information • Examination of environmentally-related goals

◆ Scenario Analysis

Identified risks and opportunities were considered in terms of the uncertainties and severities outlined in future scenarios based on TNFD guidance. Our analysis was fixed around two axes for Service Deterioration (Physical Risks) and Market and Non-market Adjustability (Transition Risks), and four scenarios.

Scenario Images



Based on these four scenarios, each business site's interactions with nature and environmental data, and the policy directions of regions and national governments, the strategies demanded of the Nippon Kayaku Group can be organized as follows.

Scenario I

Rapid responses to environmental regulations (via product development and process improvement) and promotion of a Nature Positive approach necessitates appropriate information disclosures. Although physical risks are limited, reducing environmental impacts continues to be important for preserving our reputation.

Scenario II

Previous water intake restrictions lead to prioritizing of drought measures and more efficient use of water resources. Tougher monitoring of environmental deterioration necessitates appropriate information disclosures to ensure transparency over external impacts.

Scenario III

Improved resilience in the face of physical risks, such as preparations for drought and more intense meteorological disasters (e.g. flooding), becomes paramount. Vis-a-vis a market which prioritizes short-term profit, we emphasize how such risk measures help stabilize business operations and reduce costs, and aim to create value through balancing risk measures with profit aspirations.

Scenario IV

Assuming that long-term trajectory leads to Scenario 2 or 3, long-term preparations take on added importance. Rapidly responding to heightened concerns over physical risks and environmental conservation requires the collation and disclosure of nature-related information, and advances in environmentally-friendly product development.

◆ Material Regions

Based on the above scenario analysis, the Nippon Kayaku Group is identifying its high-priority nature-related risks and opportunities by breaking down its analysis into five priority areas (water resources, environmental pollution, resource circularity, local environment disturbance, and natural physical regulation functions) and conducting multi-faceted risk evaluations in the following double-axis, five-phase format.

- Severity: Index-based evaluation of compliance and data obtention conditions, and the extent to which we are meeting the highest global standards for environmental management
- Likelihood: Standards-based evaluation of risks assessed with external tools, past responses to risks actually faced, natural capital quantities used and levels of dependency

Through combining the results of likelihood and severity evaluations, we have systematically arranged the potential levels of risk faced by each business site. Sites assessed as having a generally high exposure to risk have had their names and key fields placed in our Nippon Kayaku Group List of Material Regions, comprised as follows:

Material Regions for Directly-operated Business Bases

Related Business	Business Base Name	Material Area
Fine Chemicals Business Unit	Nippon Kayaku Fukuyama Plant	Water Resources
	WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. (WAC)	

For each identified Material Region, we will henceforth promote environmentally-friendly initiatives and fix specific targets according to each area's risk characteristics (e.g. management situations for water stress, pollutants, and noise pollution).

(For the Nippon Kayaku Group's current initiatives on water resource use, please see [here](#)) .

◆ Upcoming Analysis

We will now advance our examination of companywide evaluation results and promote relevant responses. Concurrently, we will look to commence investigation and analysis of mining and drilling sites in the upstream value chain (raw materials and procurement phases), for which no detailed analysis currently exists. In future, we will seek to apply more pressure on suppliers in these matters as we aim to build a due diligence system that covers the entire supply chain.

Management of Risks and Impacts

The Nippon Kayaku Group has identified "Climate Change Response" and "Natural Capital Conservation" as key material issues and is actively working on these themes as integral components of its companywide Responsible Care activities.

(For more on how we identified our Key Sustainability Issues, please see [here](#)).

Our Responsible Care and Technology Division takes the lead in identifying and evaluating our dependencies and effects on natural capital, as well as nature-related risks and opportunities. It conducts investigations and analyses based on the TNFD-recommended LEAP approach, and uses the results to determine our Group's key priority issues. Priority issues are selected via the evaluation process stated above in the Identification of Material Regions strategy item.

The issues are organized along the lines of the LEAP approach and assessed against two criteria: seriousness and frequency. "Seriousness" is evaluated from the size of the figures in the relevant indexes for business sites facing the risks in question, "frequency" is evaluated from the number of bases related to each particular business, and the issues receiving the highest overall scores are selected for prioritization.

Selected issues are then reported to our Environment, Safety, Quality Management Committee which coordinates our responsible care activities. Such reports consist of current policy and status updates, issues, problematic points and response status updates, and form the basis for examination of policy drafts for the next financial year. Our Sustainable Management Meeting then discusses that financial year's policy further before making its final decision.

Based on the new fixed policy for the financial year, each business site and group company rolls out its responsible care activities which include natural-capital related initiatives, the status of which is confirmed and audited through periodical Central Environment, Safety and Health Inspections.

(For further information on our Responsible Care Policy and key issues, relevant systems and audits, please see [here](#)) .

Metrics and Targets

The Nippon Kayaku Group has designated Climate Change Response and Natural Capital Conservation as Materiality issues, and is currently setting relevant targets.

➤ [Environmental Management Targets and Results](#)

➤ [FY2025 Sustainability Targets and Results](#)

Among the indexes either recommended or requested for disclosure within the TNFD guidance, those most closely related to our initiatives are disclosed in our ESG aggregate data.

(Please see [here](#) for the ESG aggregate data.)

Moving forward, we will press on with the releases of indexes not yet disclosed and, based on the results of such analyses as the LEAP approach, plan to determine targets centered upon the water-resource-related indexes deemed most important.

In such a way shall we strive to improve transparency around the environmental impacts of business activities, and aim to continuously reduce environmental impact on a groupwide scale.

Initiatives

Water-related Initiatives

➤ [Preventing Pollution](#)

➤ [Water Resource Conservation](#)

◆ Business Site Initiatives

Takasaki Plant

Plant operations in harmony with the natural environment

Following the disposal of the former Tokyo 2nd Army Arsenal Gunpowder Manufacturing Plant into company hands, the site of the current Takasaki Plant restarted operations in April 1946 as a manufacturer of black gunpowder, before subsequently switching to medical manufacturing operations in August 1971. From the off, the plant aimed for “coexistence with nature”, and ultimately secured ISO14001 certification in January 2001.

Surrounded by the natural environments of Gunma Prefectural Park Gunma-no-Mori and the Karasu River, the plant’s slogan reads: “The Takasaki Plant: Continuing to Protect Life and the Environment.” Based on this has the plant fixed its environment policy as: “Each and every person here shall be sufficiently conscious of working in an industry connected to human life, and, based on such consciousness, work towards promoting environmental conservation and plant harmony with the abundant natural environment.”

The plant occupies a vast site of some 560,000m², with the 110,000m² of green land reported under the Factory Location Act remaining virtually in a state of natural vegetation, meaning its original ecosystem remains intact amid this natural cluster of trees within the Takasaki urban landscape. The site’s eastern, southern and northern sides are enclosed by three rivers within the Tonegawa river system: the Class A Karasu River; the Ino River, a tributary; and the Class A Kasu River within the Hirose River tributary. The northern side also abuts Gunma Prefectural Park: Gunma no Mori, which is home to deer, racoon dogs and kingfishers. We will continue to protect this abundant natural environment and ecosystem.

In addition to the Green Zone, our on-premises environmental facilities include a creek. This is part of the facility which used hydropower to drive manufacturing equipment in the days when the site served as a gunpowder factory. The vertical axis water turbine used at the time has also been carefully stored and preserved. The creek temporarily pools the water subjected to activated sludge processing by the onsite wastewater treatment facility. Only after confirming that creek water quality complies with water management standards do we release it into the river, thereby taking every precaution to prevent environmental pollution. Located far away from residential areas within a natural cluster of trees, and close to various rivers, the creek represents a safe place for animals to come, and serves as an annual oasis for migratory birds seeking food from the forests and rivers. Observing the arrival or migratory birds and their northward departures makes for an interesting seasonal employee event.



Human Capital

Message from the Director In-charge

The Nippon Kayaku Group positions “people” as a vital capital resource. Human capital is not something that belongs to a company; it is the value that belongs to each and every employee. We are fully aware that drawing out that ability to the fullest extent possible and continually utilizing it is a key management responsibility. Thus, through strategic investment in human capital will we plot our course towards medium-to-long-term corporate value growth.

The human capital we perceive is one that not only pertains to individual employee specialization, skill and experience, but to the total capability of an organization born from the mutual actions of diverse human resources. Bolstered human capital therefore supports both sustainable revenue growth and capital efficiency improvements.

Our Long-term Management Plan Evolution2035 positions human capital management at the core of growth platform strategy. Starting with our talent portfolio, we will adopt a unified management strategy for recruiting, development, deployment and performance to deliver optimal postings. We will also quantitatively manage human capital KPIs in order to visualize results and verify their effects on profitability and capital efficiency.

FY2026 is underlined as our shift to implementation, with emphasis placed on initiatives in the four key areas of: securing and optimally employing growth-critical talent; strengthening training and careers initiatives; enhancing HR systems and rewards; and fostering the requisite organizational climate. We will place especial weight on advancing strategic deployment of digital, global and highly-specialized talent, and accelerating resource shifts to growth businesses.

We will also press on with better linking of evaluations, employee rewards and results, and the clarification of incentives for delivery of results. In tandem with providing greater transparency for responsibilities of managers and each organization, we will work on preparing an environment which allows diverse talent to output their abilities to the fullest. Such initiatives should aid our plans to improve employee engagement and talent retention.

Moving forward, we will look to increase transparency of human-capital-related disclosures and, based on international currents, deepen dialogue with all stakeholders, starting with our investors. We shall firmly tie the value created through individual and organizational progress to our business results and thereby realize improvements to sustainable corporate value.



Makoto Takeda
Member of the Board
Managing Director

Policy and Basic Approach

Nippon Kayaku Group Human Capital Strategy

In the quest to realize its Long-term Management Plan Evolution2035, the Nippon Kayaku Group has positioned human capital management as one of its Growth Platform Strategies. We are therefore clarifying the types of talent necessary to realize our management strategy, seeking to increase corporate value through each of the recruitment, training, deployment and performance processes, and continuously managing progress with the aid of KPIs.

The business environment surrounding our Group demands the simultaneous realization of sales growth, business innovation, global development and improved productivity. And yet, against this backdrop have we seen shortages emerge in: growth-critical talent in the digital transformation and global fields; key replacement personnel at manufacturing sites (in addition to an ageing workforce); core management layers, and next-generation management candidates. We are also finding it hard to recruit workers straight out of high school.

To respond to these issues and achieve sustainable growth have we determined four key areas for human capital management: securing and optimally deploying growth-critical talent; strengthening training and careers initiatives; enhancing HR systems and rewards; and fostering the requisite organizational climate. Our integrated approach to these four areas is now a key initiative as we seek to construct a base from which both “those who choose” and “those who are chosen” can flourish together.

◆ Positioning of Talent Strategy in Evolution 2035

With a view to realizing its Long-term Management Plan Evolution2035 is our Group aiming towards:

- Advancing R&D that contributes towards solving social issues
- Establishing an organization embracing the spirit of continuous challenge
- Fostering a corporate culture in which employees feel both pride and comfort in their work

A platform which helps draw out talent capability to the fullest is indispensable towards achieving the above, as we position human capital management at the core of Growth Platform Strategy.

◆ Overview of Human Capital Strategy

For the following four key areas have we systematically organized our understanding of current situations, main initiatives and desired management impact.

	Key area	Current situation	Main initiatives	Expected Business Impact
1	Securing and optimally deploying growth-critical talent	A lack of quantity, quality and deployment of growth-critical talent leading to imbalanced age composition, expertise, and diversity	• Defining and visualizing key talent • Identifying talent shortages and gaps by business area • Strengthening experienced-hire and specialist recruitment • Redesigning workforce composition with a view to digital transformation and productivity gains • Preparation of succession plans for key positions • Enhancement of talent management	• Growth businesses to be advanced at greater speed • Removal of business site bottlenecks • Compatibility between sales growth and improved productivity
2	Strengthening training and careers initiatives	Insufficient skill development leading to conditions which struggle to achieve genuine feelings of growth and a stronger spirit of challenge	• Preparation of a training system for each type of key talent • Periodical training for next-generation manager candidates • Promotion of digital and global human resource development as well as reskilling • Enhancement of strategic human resource deployment and rotation • Upgrading of development support through career interviews	• Systematic development of required talent • Strengthening of the management pipeline • Improved employee sense of development and challenging spirit
3	Enhancing HR systems and rewards	Issues include insufficient linkage of evaluations and employee treatment being insufficiently linked, and the lack of transparency in evaluation standards	• Shifting towards an HR system based on roles and expertise • Expansion of rewards and career opportunities for specialist talent • Reassessment of the managerial appointments system • Standardization and upgrades to the operation of evaluations	• Attraction and retention of excellent talent • Fostering a climate in which results and challenges undertaken are appropriately evaluated • Strengthening incentives for productivity improvements
4	Fostering the requisite organizational climate	Insufficient inter-departmental links are leading to trends of risk aversion taking priority over new challenges	• Strengthening risk management • Revitalization of dialogue through expansion of town hall-style meetings and 1-on-1s. • Introduction of 360 evaluations • Redesigning of anti-harassment policies • Advancement of a system and policies that promote success from diverse talent	• Promotion of crosscutting interdepartmental links • Promotion of taking on challenges • Improved engagement • Reduced employee turnover rate

Internal Environment Preparation Policy

By providing a comfortable working environment conducive to employee health are we aiming to improve both productivity and employee satisfaction levels. We are placing real importance on upping employee engagement through creating a workplace climate in which employees can empathize with the KAYAKU spirit, enter relationships of mutual trust with management, and go about rewarding work with real vitality.

Our talent system has seen us introduce the concept of "Position Class," which seeks to remove age, gender, career, academic record, and nationality considerations from the job allocation process. For managerial appointments, meanwhile, we have introduced a system which allows employees to voluntarily stake a claim for such positions, with criteria assigned to the relevant roles and responsibilities.

Our HR Development system also seeks to support employees with a get-up-and-go spirit towards learning and self-improvement, thereby promoting autonomous development and helping individuals pursue myriad career paths which align with their various wishes.

Discussions, status report summaries and evaluations on human capital management are conducted by the Group's Sustainable Management Committee, chaired by the President. The results of such meetings are reported to the Board of Directors, who fulfil the monitoring and supervisory roles within our HR Development System.

Human Resources Development Policy

➤ [Human Resources Development Policy](#)

System

The Sustainability Management Meeting, chaired by our President, is where the Nippon Kayaku Group discusses its human-capital-related approach, priority initiatives, KPIs and status updates, in addition to integration and evaluation of activity status. The contents of these discussions are reported to, and supervised by, the Board of Directors.

Targets and Results

Human Resource Development

Indicator	Scope	FY2028 Target	FY2035 Target	Link to Strategy
Next-Generation Leadership Talent	Non-consolidated	120	130	With an eye on business expansion, generational transition and securing management continuity, we will systematically expand our succession pipeline to reduce key position succession risks and improve decision-making quality
Digital Talent	Non-consolidated	240 (10%)	480 (20%)	Through companywide promotion of digital integration and reform of core systems, we will support our productivity gains by developing a digital talent base bridging frontline operations and management, thereby strengthening our competitive position
Finance and Strategy Professionals	Non-consolidated	59	64	We will strengthen the finance and strategy talent to aid more sophisticated business portfolio management and capital efficiency, and strive for increased accuracy in strategic investment decisions and maximization of corporate value
Global Talent	Non-consolidated	360 (15%)	480 (20%)	In order to expand overseas business and strengthen governance, we shall expand our base of globally-capable talent and enhance global management capabilities
Education Investment per Employee	Non-consolidated	JPY 100,000	JPY 200,000	We shall move forward with selective investments in priority areas and companywide reskilling, thereby driving human capital quality improvements in the drive for sustainable added-value creation
Training Completion Rate for Successor Candidates to Next-Generation Management Positions	Non-consolidated	100%	100%	With a view to guaranteeing stability of the management pipeline, we will be thorough in our efforts to provide systematic training opportunities to the candidate class as we seek to raise both organizational operating capacity and implementation ability

Labor Practices

Indicator	Scope	FY2028 Target	FY2035 Target	Link to Strategy
Number of Labor Law Violations	Consolidated	0	0	On a platform of rigorous compliance, we will not only minimize corporate risks but construct a highly-dependable management foundation
Average Monthly Overtime Hours	Consolidated	10 hours or less	10 hours or less	Finding compatibility between improved productivity and employee wellbeing, we will seek to raise medium-to-long-term performance through building a sustainable work environment
Number of Employees Working More Than 45 Hours of Overtime per Month	Consolidated	0	0	We will be thorough in reducing lengthy overtime as we seek to lower human capital risks and stabilize organizational performance
Awareness Rate of the Consultation Hotline	Consolidated	100%	100%	We will improve the effectiveness of our reporting channels with the aim of facilitating early risk detection and psychological safety, and fostering the relevant robust organizational climate

Diversity

Indicator	Scope	FY2028 Target	FY2035 Target	Link to Strategy
Ratio of Female Directors	Non-consolidated	20% or higher	30% or higher	Through the inclusion of diverse perspectives and insights into our management practices, we will improve both decision-making quality and the effectiveness of corporate governance
Ratio of Female Managers	Non-consolidated	10% or higher	30% or higher	With a view to optimizing our medium-to-long-term talent portfolio, we will accelerate training and advancement for female talent, and bolster organizational capability with regard to decision-making and innovation
Employment Rate of Persons with Disabilities	Non-consolidated	2.7% or higher	3.0% or higher	We will seek to embed and advance the roles of people with disabilities beyond statutory employment requirements, and create an inclusive workplace in which diverse talent actively participates in value creation
Number of Foreign National Employees	Non-consolidated	68	107	Support business globalization, and enhance organizational flexibility and market responsiveness through a more diverse workforce

➤ [Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace](#)

➤ [Next-generation Development Support Measures](#)

Initiatives

Talent Assessment System

Nippon Kayaku's talent assessment system is chiefly based on a performance assessment. This assessment, which covers every employee, begins with the assignment of work commensurate with each person's role and responsibility at the start of every financial year. While implementing their tasks, each employee will determine their annual work targets in meetings with their superior, and work towards those targets over the course of the financial year. The employee will then confirm progress with their superior at a Mid-term Results and Target Achievement Status Meeting held once every six months. Finally, with the coming of the new financial year, both employee and superior will review and assess the previous year's performance, and set targets for the year ahead. The results of these reviews will be reflected in employee bonuses. In addition to a performance assessment, the talent evaluation system for non-managers is comprised of two further parts: a challenge assessment and a process assessment. The former assesses the targets the employee has voluntarily set, while the latter assesses the process by which they achieve those targets. Our overall aim is to increase employee work-motivation and engagement through assessing not only targets and degrees of achievement but the processes for getting there, thus linking company growth to the personal growth of the employee, and aligning the former with the self-actualization of the latter.

Career Support

So that we may flexibly respond to the dramatic changes in the business management environment, and with the aim of finding the right people for the right jobs by matching those with the proactive willingness and ability to perform with the workplaces most in demand of them, we have opened up our recruitment process to external applications. FY2024 saw us conduct open recruitment processes for two posts, both of which successfully resulted in job transfers. By offering challenging opportunities to the employees who desire them, we thereby promote career autonomy, support employee career progression, and connect that to improved work engagement.

Improving Employee Engagement

With products being increasingly difficult to differentiate these days, the "people" who provide products and services are becoming a major element of business competitive advantage. Therefore, the extent to which we can utilize our talent has become a major Nippon Kayaku theme too, giving rise to our belief that more rewarding work and greater purpose in life for each individual employee will feed into yet greater corporate value.

FY2025 saw 2,233 employees (including full-time, junior, part-time and senior partners) take part in our 3rd Employee Engagement Survey. Nippon Kayaku's overall score was 49.7, an improvement of 1.3 points upon the previous financial year. Through this, we were able to recognize that improvements have stemmed from the action plan fixed and implemented in response to issues emanating from analysis of each business site's structural conditions. From a companywide perspective, while "manager support" and "workplace unity" scored highly just as last year, "appropriate recruitment and deployment" and "growth and future prospects for business" exhibited low-scoring trends. From this, we glean that we have not yet fully become the kind of strong organization than can conquer market competition, and that room for improvement exists regarding organizational climate and systems. We are therefore fixing action plans for every business site and conducting related improvement activities in our quest to improve engagement. We shall continue moving forward with dialogue and improvement activities based on the latest survey results, and driving reforms which allow every employee to work with real vitality, as we seek to foster a comfortable and rewarding organizational climate.

Employee Engagement Survey Results

Indicators	Scope	Unit	2021	2022	2023	2024	2025	FY2025 Target
Response rate	non-consolidated	%	-	-	85.9	83.9	86.2	-
Employee engagement	non-consolidated	score	-	-	47.1	48.4	49.7	50

◆ Engagement Factor Score

Areas of strength: Manager support activities, workplace teamwork

Areas with issues: Appropriate recruitment and placement; Prospects for business growth and business future

◆ Upcoming Initiatives

Our initiative for FY2025 consisted of drawing up and implementing an Action Plan for each department based on survey results and structural analysis. As a consequence, we were able to observe examples of significant improvement in departments for which survey scores were low in FY2024. We will henceforth persevere with such improvement-focused initiatives as we strive to visualize the employee engagement situation and increase organizational capability under the overarching aims of preparing a more comfortable and rewarding workplace and maximizing outcomes within.

Optimizing Working Hours and Reducing Long Working Hours

Nippon Kayaku is working on optimizing working hours and reducing instances of long working hours. Specifically, we have set up a Working Hours Management Advisory Committee, comprised of both management and labor representatives, which demands and reviews twice-yearly reports from each business site on working hours management surveys, related measures and initiatives.

We also provide training for supervisors, managers and talent managers, and set up study group sessions cosponsored by both the management and labor sides.

While respecting laws related to working hours and Article 36 Agreements (which stipulate overtime limits agreed upon by the company and labor unions), we have fixed a policy of “no more than 45 overtime hours per month in principle, and an upper limit of 80 overtime hours per month.”

We are even going beyond the mere observation of laws with various initiatives including management of workplace entry and exit, objective register management, and appropriate management of overtime for supervisors and managers.

Working hours

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Average number of annual hours worked per worker	consolidated	hours	-	-	-	1,916	1,893
Average monthly overtime hours	consolidated	hours	-	-	-	10.7	16.14
Average number of annual hours worked per worker	non-consolidated	hours	1,911	1,896	1,876	1,883	1,899
Average monthly overtime hours	non-consolidated	hours	12.7	11.9	11.2	11.8	12

Wage Administration

The Nippon Kayaku Group's Human Rights Policy expresses zero toleration of discrimination based on differences in gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, sexual orientation, marital status, employment status, or other characteristics. Our Personnel Wage System is also based on a remuneration structure unified across genders. Furthermore, when it comes to minimum wage and overtime pay, we respect laws on equal work for equal pay, and pay above the minimum.

We currently operate a Position Class System which bases remuneration around duties and roles, and thereby comprises a structure which does not of itself give rise to gender-based wage differentials. However, in practice, discrepancies do currently occur between average male and female wages due to the effects of different composition ratios within senior and management classes. Against this backdrop do we also recognize the effects of differences in occupation structures based on previous recruitment practices, and the impact of life events in the career-building process. We are therefore seeking to eradicate these structural wage differentials by readying a workplace that allows diverse talent to output their abilities to the fullest, improving management-class diversity and support for career-building, and promoting flexible working.

Pay

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Average annual pay	Male	non-consolidated	JPY thousand	7,683	8,003	7,704	7,979	8,207
	Female	non-consolidated	JPY thousand	6,366	6,707	6,336	6,632	6,734
	Overall	non-consolidated	JPY thousand	7,477	7,801	7,488	7,763	7,964
Gender wage differentials	Full-time workers	non-consolidated	%	-	75.6	82.2	83.1	82.1
	Part-time & fixed-term workers	non-consolidated	%	-	53	70.9	71.2	74
	All workers	non-consolidated	%	-	72.3	71.4	72.5	71.8

Labor Relations

Since renewing our labor agreement in 1998, Nippon Kayaku Co. Ltd, and the Nippon Kayaku Labor Union have maintained healthy relations based on mutual labor-management trust.

Under the Union Shop System, with the exception of managers and a section of contracted workers, union membership rates stand at 100%.

With respect to the union, the company endeavors to disclose as much information as possible, earnestly respond to matters in line with its negotiation policy and have management directly convey its policies on business management, safety and health by convening the Central Joint Labor Management Council three times a year. We also hold a Central Management Round-table Conference once a month, sharing information pertaining to the company's situation, deepening mutual understanding of issues, and discussing ways of resolving issues. We also make efforts to promptly convey the details and results of such meetings to employees.

Issues concerning individual business units are discussed at each unit's annual Joint Labor Council and monthly Management Round-table Conference. Through the shared awareness of issues, relevant discussion and opinion exchanges allowed by these meetings are we aiming to deliver a more comfortable workplace.

Joint-Labor Management Council Reports

Meeting Name	Contents	No. of Meetings held in FY2025	Attendee
Central Joint-Labor Management Council	Company executives explained to their union counterparts about company management approach, financial results, business strategy, and matters pertaining to the environment, safety and health, and discussions were held on resolving issues	3	From the company: Executives, managers from relevant departments, HR Division From the labor union: Head Office executives, all branch managers
Business Site Joint-Labor Management Council	The company provided explanations to the labor union on business site policies and business planning, and discussions were held on how to resolve issues	1	From the company: Business site managers (plant managers and administrators, production managers, technical managers etc.) From the labor Union: Branch executive committee members
Central Management Round-table Conference	The company side explained to union executives about matters pertaining to company business plans, new businesses, the management situation (covering manufacturing, sales and R&D), manufacturing technology improvements, and personnel plans.	12	From the company: The Executive Officer in charge of HR, members of the HR Division From the labor union: Head Office executives
Business Site Managers' Round-table Conference	The company provided explanations to labor union executives on matters related to business sites' business plans; new businesses; management situations; production, sales and research situations; improvements to production technology; and talent planning.	12	From the company: Business site managers (plant managers and administrators, production managers, technical managers etc.) From the labor union: Branch executive committee members
Specialist Committee on Working Style	Opinions were exchanged on matters related to management of working hours; next-generation development support; promotion of women's roles; employment of older workers; the welfare and benefits system; the various leave systems; the talent system; human resource training; and childcare and the nursing of relatives, and discussions were held on how to resolve issues.	5	2 company members, 3 labor union members

Freedom of Association

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of union members ^{*1}	consolidated	persons	-	-	-	3,532	3,447
Union membership rate ^{*2}	consolidated	%	-	-	-	72	74
Number of union members ^{*1}	non-consolidated ^{*3}	persons	1,695	1,687	1,697	1,697	1,746
Union membership rate ^{*2}	non-consolidated ^{*3}	%	100	100	100	100	100

*1 The number of persons for each financial year is accurate as of March 31st

*2 Number of union members/number of qualified persons (excluding managers and persons specified in agreements)

*3 Includes some related companies

Thorough Instillation of Labor Standards

At Nippon Kayaku, it is compulsory for all new hires to undergo training in working condition matters related to wages, bonuses, working hours, occupational safety and health, welfare and benefit programs, and regulations. These standards are also published on the company portal site, where employees may check them at any time.

Our Talent Management Meeting also convenes periodically, equipping the talent managers of each business site with information to share with and educate employees. Such initiatives help us advance the thorough instillation of labor standards throughout the workforce.

Harassment Prevention etc.

With the aims of either forestalling, or fairly and promptly resolving, workplace harassment situations, we are now setting up a Board of Grievances. The Board comprises equal numbers of company and union representatives, and operates around a system which guarantees impartiality and transparency. Instances of employees bringing harassment-related complaints see the Board conduct confirmation hearings and investigate related parties, explore and implement remedial measures, and fix anti-recurrence measures. The Board will also bring in members from related business sites when situations demand as it prepares the framework to deliver appropriate and effective judgments. It also engages in maintaining and improving the overall anti-harassment system through complaint response management, improvement measure follow-ups, and continual workplace environment checks. Overall, it seeks to create a workplace in which employees can work safely and effectively through publicizing its consultation service, distributing guidebooks, and delivering management training. For example, in order to promote the forestalling of harassment situations and a workplace with higher levels of psychological safety, FY2025 saw us deliver Respect Training to 50 management members of our Safety Systems Division, and 21 management members at our Kashima Factory.

> [Compliance \(Education and Training\)](#)

> [Internal Whistleblowing System](#)

Responses to Labor Standards Act Violations

FY2025 gave rise to two violations of the Labor Standards Act, concerning the exceeding of limits for monthly overtime (80 hours) and special provisions (6 times). In both cases, the labor union and Human Resources Department promptly conducted hearings with senior members of the organization concerned to confirm the reasons for the violation and anti-recurrence measures. The Human Resources Department also delivered working hours management training to the workplaces concerned. We view with the utmost seriousness the occurrence of the same violation for two years running and have consequently implemented emergency inspections for working hours management. We also plan to further strengthen our training programs related to working hours management.

Number of Labor Standards Law Violations

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of labor standard violations	consolidated	cases	-	1	0	1	2
Number of labor standard violations	non-consolidated	cases	-	1	0	1	2

Welfare and Benefits

Nippon Kayaku has introduced the following Welfare and Benefits System to support the lives of its employees.

Welfare and Benefits Systems	Details
Social Insurance	Health Insurance, Employee Pension, Nursing Care Insurance, Employment Insurance, Industrial Accident Compensation Insurance
Asset Formation	Nest-egg savings, Employee stock ownership, Restricted Stock Transfer Incentive System
Human Resource Development	Study Abroad Program
Self-development	Providing assistance for acquiring qualifications
Pension	Defined-Benefit Corporate Pension System
Accommodation	Dormitories, Leased company housing
Childcare and Nursing	Leave System; Providing assistance with childcare items and nursing-related expenses
Other	Cafeteria Plan

Related Data

> [ESG Aggregate Data \(Social\)](#)

Human Resources Development

Policy and Basic Approach

Human Resources Development Policy

Under our corporate vision, the KAYAKU Spirit, we create environmental, social and economic value through the practice of sustainable management, while striving to realize a sustainable society and enhance corporate value. We are seeking to realize this KAYAKU Spirit via a number of talent development initiatives under the policies listed below.

- Autonomous HR development that people can pursue at their own initiative, to improve creativity and expertise
- Bold and challenging HR development without fear of failure in response to environmental change
- Globally-oriented HR development allowing for employees to play active roles on the global stage

In addition, to achieve the goals of our Long-term Management Plan, Evolution 2035, we are strengthening the development of key talent, including next-generation management talent, digital talent, finance and strategic planning talent, global talent, and highly specialized professionals.

System

> [Human Capital \(System\)](#)

Targets and Results

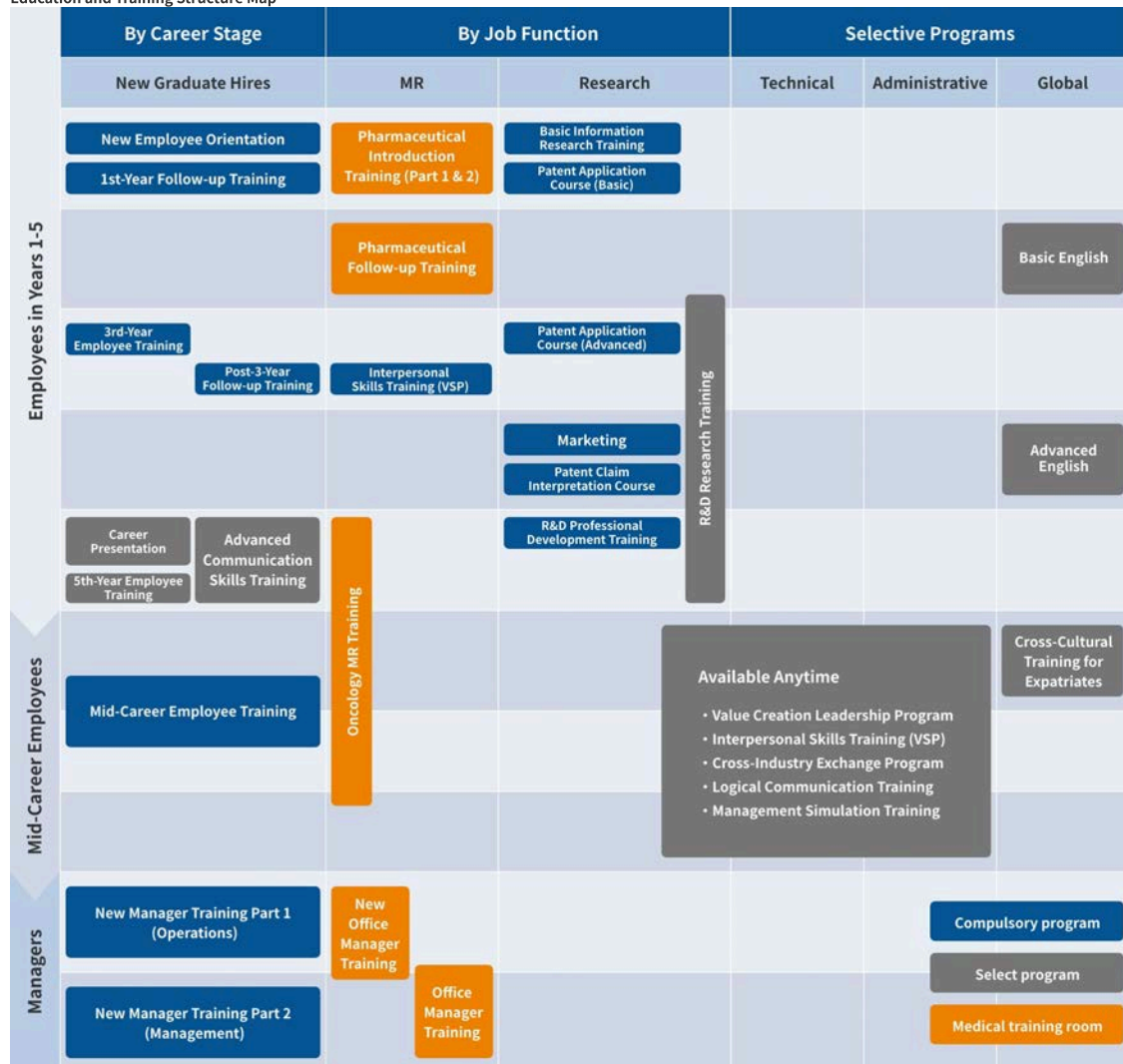
> [Human Resource Development Targets](#)
> [FY2025 Sustainability Targets and Results](#)

Initiatives

Training System

We prepare a diverse array of training programs tailored not only to occupation and company level, but to the roles and development phases of individual employees. Such systematic education and training enable us to improve specialist knowledge and promote development of our next generation of leaders.

Education and Training Structure Map



◆ Compulsory Programs

We currently conduct job-specific and level-specific training tailored to employees' abilities and career stages, from new employees to employees in their first, third and fifth years, as well as mid-level employees.

Such training deepens understanding of the roles and abilities required at each stage and feeds in to actual work performance, supporting employee growth into their next career step.

◆ Voluntary Programs

We also provide various types of elective training as part of efforts to support employees' individual self-learning according to individual characteristics and occupation. We thus create an environment in which employees can voluntarily enhance their skills for business and problem-solving, and develop the capabilities required to perform their jobs effectively.

◆ Next-generation Leadership Development Program

We are promoting the development of management talent through selected development programs for future leaders, management candidates, and senior executive candidates. The Nippon Kayaku Business School, established in 2000, enables our Group to unearth and develop its future business leaders. Students are selected from each business area and general administration department and put through a one-year program. Monthly seminars delivered by speakers ranked at executive director or above, as well as external board members, are combined with workshops and online seminars tailored towards proficiency and essential skills, so as to equip our students with management perspectives.

Title	Nippon Kayaku Business Academy (Abbreviated to: NBA)	
Objective	To develop the next generation of Nippon Kayaku Group management candidates through fostering a managerial mindset under the KAYAKU spirit and equipping our students with the practical skills to set management policies based on perceiving the future, strategic planning and scenario planning.	
Aimed at	Managers in their 30s and 40s	
Period	1year	
Supervised by	Corporate Planning Division, Human Resources Division	
Attendees	FY 2024	20(Male : 18 , Female : 2)
	FY 2023	23(Male : 20 , Female : 3)
Total training time	FY 2024	2180 hours
	FY 2023	2587.5 hours

* Not held in FY2025

◆ HR Department Training Programs for FY2025

Compulsory Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
New Employee Orientation	Induction training for new graduate hires Internal company rules, business outlines, business skill education	43	15	58	7,210
1st-Year Follow-up Training	Improving business execution capabilities; confirming relevant issues and fixing action plans for voluntary career progression	75	24	99	1,980
3rd-Year Employee Training	Improving business execution capabilities; fixing a career action plan to aid constant delivery of results as a core organizational member	39	11	50	805
Careers Presentations	Introducing one's career progress since joining Nippon Kayaku and engaging in lively discussion with fellow entrance classmates and other company colleagues	21	3	24	300
5th-Year Employee Training	Learning methods to enhance autonomy and ways of demonstrating influence that can be used to shape one's future career	20	3	23	287.5
Advanced Communication Skills Training*	Planning how to improve the communication abilities needed to proactively move one's work along within the organization as a mid-level employee	-	-	-	-
Mid-Career Employee Training	Recognizing the importance of voluntarily responding to the roles and changing expectations of mid-level employees, and utilizing this to progress one's career	39	9	48	960
Mid-Career Hire Orientation	Induction training for mid-career hires Internal company rules, business outline education	77	39	107	802.5

* Not held in FY2025

Voluntary Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
Seminar on Improving Interpersonal Skills*	Gaining the skill of adapting to other people's communication styles	-	-	-	-
Marketing Training*	Gaining knowledge of marketing frameworks and analysis methods	-	-	-	-
Management Simulation Training	Gaining understanding of management indicators and knowledge of business management processes	18	2	20	400
Value Creation Leadership Program	Developing leaders who boldly take on social challenges and create new value from the front lines of the business	10	2	12	600

* Not held in FY2025

Next-generation Manager Development Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
Business Leader Training Course*	Developing reformist leaders overflowing with entrepreneurial spirit who act while anticipating the future	-	-	-	-
New Manager Training: Part 1	Induction training for new managers Gaining the skills and knowledge demanded by the role	32	9	41	512.5
New Manager Training: Part 2	Induction training for new managers Gaining management and communication skills	27	4	31	387.5
Nippon Kayaku Business Academy (Held in alternate years)*	Aimed at the next generation of managerial candidates Fixing management strategies based on future insights, strategies and scenario planning; gaining necessary business management skills and fostering a managerial mind	-	-	-	-
Senior Management Candidates (Held in alternate years)*	Aimed at future senior management candidates Learning about leadership, business management capabilities and management literacy	-	-	-	-

* Not held in FY2025

Human Resources Development

Indicator	Scope	Unit	2021	2022	2023	2024	2025
Training hours per full-time employee	Non-consolidated	Hours	13	15	17.7	15	18.2
Total training hours	Non-consolidated	Hours	27,092	31,045	37,465	31,915	38,753
Amount of investment in education and training per full-time employee	Non-consolidated	Yen	66,606	83,002	76,565	72,015	68,719

◆ Business Unit Initiatives

Mobility & Imaging Business Unit

Hosting Trainees from Overseas Group Companies

With the aim of improving quality and manufacturing levels and maintaining high quality overall, our Safety Head Plant welcomes trainees from overseas group companies. With the focus placed on fields related to products developed inside Japan, these training sessions promote the building of systems for stable maintenance of high quality in every workplace. In such ways are we seeking to enhance our global quality assurance system and further develop our talent.



DOJO Classroom Installed

Since FY2018, education and training sessions for employees have been held in the Safety Systems Head Plant's training hall (DOJO). The DOJO sees instructors make use of printed materials with simple and easy explanations of safety and quality rules (what to do) and prohibited items and actions (what not to do). It also has machines at the ready to offer trainees practical learning opportunities, such as experiencing static electricity and the pointing and calling method.

Furthermore, to help trainees level up from machine operators to site supervisors (mid-level employees), veteran employees serve as trainers to pass on their knowledge of products and production processes, and throw in elements of hands-on training too.

This DOJO has also forged links with the dojos of overseas subsidiaries as it aims to up levels of skill and knowledge across the entire business unit.



Diversity and a comfortable working environment

Policy and Basic Approach

Our Approach to Diversity

In order to become a company which brings happiness and delight to society under the KAYAKU spirit corporate vision, we believe it is vital to have a workplace environment that accepts diversity and a diverse range of opinions and ideas. As such, we place importance on the diversity of our organization, based on acceptance of, and mutual respect for, one another regardless of sex, age, nationality, ethnicity, religion, disability, skin color, culture, ideas, convictions, political opinions, and sexual orientation. We are also working to guarantee diversity through a structure which offers equal opportunities to all employees with respect to recruitment, advancement, promotion, treatment and education. Through such initiatives do we aim to guarantee human resource diversity and, through mutual acceptance of that diversity, foster a comfortable and rewarding workplace environment through promotion of free and open discussion, thereby increasing employee engagement.

[Internal Environment Preparation Policy](#)

System

[Human Capital \(System\)](#)

Targets and Results

[Diversity Targets](#)

[FY2025 Sustainability Targets and Results](#)

Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace

Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace (4th Plan)

Performance Report (FY2025)

Action Plan for Next-generation Development Support Measures

Action Plan for Next-generation Development Support Measures (5th Plan)

Progress Report (FY2025)

Initiatives

Support for Enhanced Roles for Diverse Talent

◆ Promotion of Enhanced Roles for Women

As part of our Human Capital Strategy for improved longer-term corporate value, we are promoting enhanced roles for women as a key policy.

Although we set a target of a 10% female manager rate by FY2025, we unfortunately stopped short at 9% (though still 0.7% up on the previous FY). Key factors behind this include: a relatively low number of women recruited in previous years, leaving the pool of female managerial candidates insufficient as of yet; and inadequate long-term planning for female talent to be trained and appointed to managerial roles.

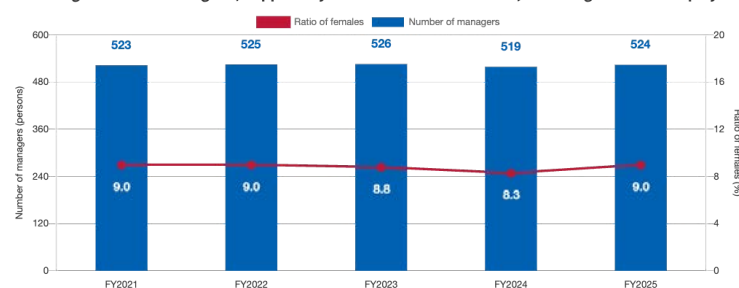
Based on the issues going forward, we have extended our target year until FY2028 under the Medium-term Management Plan, and further enhanced our initiatives to achieve the 10% female manager rate by that deadline. We have also taken a unified approach to each process of recruitment, development and appointments as we tackle the enhancement of the management pipeline as a key issue.

Recent initiatives have brought new development policies aimed at widening the female manager talent pool, and strengthened measures to support work-family balance, contributing to progress in improving the ratio of female managers by the end of March 2025. Specific initiatives for FY2025 have included a career support program for female management candidates, and promoting the building of external networks and broadening of horizons through participation in Keidanren-led training. Furthermore, a focus on recruiting a more diverse array of talent has seen female graduate hires rise by 4.5%.

We will now move forward with the following multi-pronged approach. Firstly, implementing initiatives aimed at increasing the proportion of female applicants for both new graduate and mid-career recruitment. Secondly, creating opportunities for employees, including managers and fixed-term contract employees to transform their thinking on the relevant issues. Thirdly, recognizing female management candidates as key talent and systematically advancing initiatives aimed at selection, development, deployment and appointment. Fourthly, utilizing a talent management system to better visualize our pool of female management candidates, expand development opportunities, and properly manage progress. Fifth, building a home working system that supports a work-family balance. Sixth, reducing concerns around managerial appointments and offering proper career support through expanding opportunities for dialogue and consultation. And finally, with a view to improving the effectiveness of work-family support, taking an integrated approach to exploring the promotion of support policies, including provision of creches, based on need, site characteristics, and cost-benefit analysis. Through the above do we aim to boost our female manager rate through accelerating the early development and appointment of female talent, improve decision-making diversity, and deliver sustainable improvements to corporate value.



Percentage of Female Managers (*Nippon Kayaku non-consolidated basis; excluding seconded employees)



◆ Supporting Enhanced Roles for Employees with Disabilities

Nippon Kayaku is also engaged in promoting employment opportunities for people with disabilities, and as of end-June FY2025 employed 55 such persons, making for a disability employment rate of 2.33%. FY2025 again saw us enlist the help of a consultancy firm at our Asa Plant and Tokyo R&D Administration Office to increase our disability employment rate through continuation of consistent initiatives ranging from recruitment to dedicated support. Going forward, in response to growing societal expectations, we will not only expand recruitment, but also further promote strengthen workplace support systems, broaden job opportunities, strengthen retention support, and enhance collaboration with Special Education Schools. Far from resting content with consistently meeting statutory employment rates, we shall further enhance a workplace environment in which every disabled employee can find rewards and continuously perform by outputting their abilities to the fullest.

Rates of disabled employees

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Disabled employees	consolidated	persons	-	92	68	82	79
Disabled employment rate ^{*1}	consolidated	%	-	1.44	1.04	1.26	1.22
Disabled employment rate ^{*2}	non-consolidated	%	2.00	1.98	1.93	2.11	2.33
(Statutory employment rate)	non-consolidated	%	2.3	2.3	2.3	2.5	2.5

*1 Disabled employee numbers have been removed from the total of regular employees, contracted employees and part-time employees, hence calculation methods differ from those used for statutory employment rates.

*2 Each year's data is accurate as of Jun 1st

◆ Supporting Enhanced Roles for Employees over the Statutory Retirement Age (Senior Partners)

April 2006 saw us introduce our Nippon Kayaku Senior Partner System for employees reaching the statutory retirement age. This system is aimed at providing continued work opportunities, and chances to thrive, for talent both willing and physically and mentally able to continue work post-retirement age, and make valuable use of their experience and knowhow. Upon re-employment, employees' preferences regarding work location, job content, and working style are carefully taken into consideration when determining their assignments. Post-introduction, this system has seen virtually 100% of applicants receive re-employment in line with their wishes, and enabled numerous employees to continue working until the age of 65.

Employment of retired employees

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Employment of retired employees	non-consolidated	persons	22	29	30	33	39
Employment rate of retired employees	non-consolidated	%	84.6	85.2	85.7	68.75	70.9

◆ LGBTQ+-related initiatives

We are aiming to provide an environment in which anybody can be themselves at work. As such, we run training on LGBTQ+ issues through e-learning programs and our Ethics Managers Committee, with the aim of promoting understanding of LGBTQ+ issues. Furthermore, our Personnel and Labor Relations Meeting has undergone training on Japan's LGBT Understanding Promotion Act and is working on diffusing such understanding throughout our organization.

◆ Global Talent Exchanges

As part of our diversity promotion measures, we are engaged in preparing a system which enables both Japanese and overseas group company staff to better perform in a global environment. Our Global Talent Development Program sees us build up the core language abilities of younger employees, and offer training that helps mid-level employees boost their ability to work on a global stage. Such initiatives seek to enhance both language skills and flexibility in the face of foreign cultures, and thereby promote the development of talent capable of thinking from global perspectives and performing accordingly. In addition to such training do we proactively support talent exchanges between overseas group companies and domestic sites as we strive to provide opportunities to experience diverse cultures and business environments. Going forward, we will seek to further stimulate such global talent development and exchanges.

Promoting a Work-life Balance

We are also aiming to deliver a rewarding workplace in which each employee juggling work and caring responsibilities can improve their productivity and maximize their abilities. As such, we are introducing and expanding various systems and policies which include Next-generation Development Support and Promotion of Enhanced Roles for Women. We are also seeking to improve work-life balance with a push for increased paid leave take-up rates via our internally-shared the Yu-You Plan, which involves the formulation of a plan for at least 5 days of paid annual leave for each employee, and our Anniversary Leave System, which allows employees time off for personal milestones. In such ways are we working on shaping a workplace which welcomes annual leave.

◆ The Various Systems in Place for Promoting a Work-Life Balance

System Title	Details
Flextime	Introduced at headquarters and in some of our research labs.
Childcare Leave	Can be taken until a child reaches two years old, subject to meeting the fixed requirements.
Childcare Support Leave	10 days of special leave can be obtained by either men or women for childcare purposes.
Child Nursing Care Leave	10 days of (paid) leave (5 days for health checks and vaccinations) can be obtained by employees for looking after their children of preschool age. This leave can also be taken in half-day units.
Anniversary Leave	3 days of annual paid leave can be obtained by employees for celebrating their own, or a household relative's, birthday, attending a child's school entrance ceremony or graduation ceremony, and observing their child's school lessons.
Nursing Care Leave	Up to 1 year of paid leave can be acquired for looking after a specified relative.
Reduced Working Hours System	Fixed working hours can be shortened by up to 2 hours of 30-minute units for the purpose of caring for children below middle-school age, and by up to 3 hours of 30-minute units for the purpose of looking after relatives.
Work-from-Home System	Introduced at headquarters, research labs, and for medical reps.
Staggered Working Hours	With starting times, finishing times, and fixed daily working hours set by business sites serving as the standard, employees can either move back or bring forward their start times by up to 2 hours in 30-minute units.
Annual Paid Leave	We have several days per year on which the taking of leave is encouraged. We also encourage the taking of 3 consecutive days during the summer season.
Paid Half-day Leave	Up to 30 half-day units per year can be acquired.
Planned Annual Paid Leave	1-3 days of leave can be acquired at headquarters and business sites during the May "Golden Week" Period under a particular labor agreement.
Time-Unit Annual Paid Leave	We are currently implementing a system by which up to 3 days per year (24 working hours) can be acquired in 1-hour units of annual paid leave.
Special Paid Leave	Up to 60 days of lapsed annual paid leave can be stored up for use in times of personal sickness or injury, family sickness or injury, child-caring, nursing of relatives, nursing of children, volunteering, donating bone marrow, and using up Active Life Leave for 10, 20 and 30 years of company service.

Related Data

➤ [ESG Aggregate Data \(Social\)](#)

The 4th Nippon Kayaku Action Plan based on the Women's Participation Promotion Act

Our company strives to employ a diverse array of talent irrespective of gender, educational background, nationality, age and disability. With a view to creating a workplace environment in which each employee can thrive through exhibiting individual ability and personality to the fullest, our KAYAKU: ZenKatsu approach promotes enhanced roles for not only women but all employees.

We do, however, specifically perceive enhanced roles for women in our push for sustainable corporate growth as a Key Management Issue, and are promoting a workplace environment in which women can sufficiently maximize their abilities and play bigger roles in every field, including decision-making. We view support for a better work-life balance as a key foundation for this. As such, we are readying a workplace environment that reassures all employees and enables them to keep working long-term through finding the right balance between domestic circumstances (childcare and caring duties) and career development. The following Action Plan has therefore been formulated to foster a workplace climate that is both comfortable and rewarding, and help us realize a sustainable environment and society as well as improved corporate value.

1. Action Plan Period

April 1st 2026 to March 31st 2029

2. Targets

1) Provision of working life opportunities for female workers

Aim to achieve a female manager ratio of at least 10%.

2) Preparation of employment conditions that strike a balance between work-life balance

Maintain Paid Leave Take-up Rates at 70% or greater

3. Initiative Details

1) Initiatives aimed at achieving a female manager ratio of at least 10%.

- Set up initiatives to increase the rate of female graduate hires and experienced hires
- Create opportunities for managers and fixed-contract workers to reform attitudes on this issue
- Recognized and select female manager candidates as key talent, and systematically advance initiatives for development, deployment and appointment
- Utilize a talent management system to advance visualization of our female management candidate pool, enhance development opportunities and provide progress reports.
- Set up work-life balance support through a Home Working System
- Ease anxieties around managerial appointments and support career development via expanded opportunities for dialogue and consultation
- Move forward with the exploration of creche and other support initiatives based on needs, business site characteristics and cost-benefit analyses for an increasingly effective work-life balance

2) Initiatives for maintaining Paid Leave Take-up Rates at 70% or greater

- Promote paid leave take-up via our intranet

- Create a workplace environment which welcomes paid leave through sharing individualized paid leave plans
- Promote paid leave among low take-up groups (management and males)
- Set up Paid Leave Promotion Days and encourage employees to use them
- Press forward with the creation of a workplace which welcomes consultation on work-life balance, and map out improved effectiveness of our Work-Life Balance System

The above initiatives will be enacted in the period April 1st 2026 to March 31st 2029.

End

Initiatives to Promote Enhanced Roles for All Employees:
Results Report for the 3rd Action Plan

1. Action Plan Period

April 1st 2024 to March 31st 2026

2. Targets and Results

No.	Details	Results
1	Raising the percentage of female E-Class Managers to at least 10%	FY2025: 9.0%
2	Maintaining Paid Annual Leave Take-up Rates at 70% or greater	FY2025: 74.4%

3. Initiative Details and Results

No.	Initiative theme	Specific Initiative Details	Progress Report
1	① Selection of female managerial candidates for individual business sites under the Management (E-Class) Appointments System	○Selection of female management candidates at individual business sites (August 2024) ○Promoting a change in attitudes to the issue by holding a panel discussion involving female managers (June/July 2024)	○Requests made of each business site concerned and selections made (June 2025) OKAYAKU:ZenKatsu Kick Off Event held as an initiative to promote enhanced roles for all employees (August 2024)
	② Periodical development training to increase numbers of female candidates (for executives/N5 and above) under the Management (E-Class) Appointments System	○Selection of potential candidates; interviews to confirm candidate intent; reassessment of job contents; launch of career advancement training (from June 2024)	○Candidates selected at each workplace, and continuous follow-up initiatives conducted via interviews to confirm intent etc. (June 2025) ○"Next Leaders Bloom" Female Career Support Program launched with a focus on our management candidates list (August 2025 to March 2026)

	③ Improving the rate of female workers recruited	○Exploring the issue from June 2024 for incorporation into the FY2025 Recruitment Plan	○Rate of female new hires FY2025: 30.3% (FY2024: 27.9%)
	④ Exploring the expansion of the Home Working System to boost work-life balance	○Exploring an expansion of applicable workplaces and jobs ○Exploring the introduction of up to 5 days home working per month to cater for childcare, caring and fertility treatment needs (both from June 2024)	○Trials of a Home Working System for up to 2 days per week continued (from April 2024)
2	① Raising Paid Annual Leave Take-up Rates for Managers and male employees to 70% or greater	○Creating personalized Paid Leave Take-up Plans of 5 days or more for each employee and sharing throughout the workplace	○Launch of “Yu You” 5-day Paid Leave Take-up Plans to be shared throughout the workplace (from September 2024)
	⑤ Utilizing Paid Leave Promotion Days	○Exploring an increase in Paid Leave Promotion Days at each business site (from September 2024)	○Feasibility examined at each business site (from September 2024)
	② Systematic allocation of Paid Annual Leave	○Systematic allocations of Paid Annual Leave (from September 2024)	○Paid Annual Leave systematically allocated and employee awareness of the initiative raised (from September 2024)
	③ Promotion of Paid Leave Take-up	○Utilizing internal bulletins such as our intranet to periodically call for paid leave promotion (from September 2024)	○Periodical paid leave promotions set up (from September 2024)

March 31st 2025
Nippon Kayaku Co., Ltd.

The 5th Next-generation Development Support Action Plan

With the twin aims of realizing a sustainable environment and society, and improving corporate value, our company will formulate the following Next-generation Development Support Action Plan to ensure diversity free from bias towards age, gender, educational background, nationality, or disability, and foster a workplace climate that is both comfortable and rewarding.

1. Action Plan Period: April 1st 2025 to March 31st 2027

2. Contents

Target 1: Raising male worker take-up rates of childcare-related leave to at least 70%
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Measures

- From April 2025 Utilizing companywide notice boards such as our intranet to inform about and promote childcare leave by male employees
- From April 2025 Utilizing companywide notice boards such as our intranet to provide guidance on taking up childcare leave
- From April 2025 Providing instruction on work considerations and basic situational knowledge to supervisors of employees expecting a child

Target 2: Reducing the monthly average of full-time worker overtime outside of legal working hours and on statutory holidays to 30 hours or less
--

Measures

- From April 2025 Utilizing companywide notice boards such as our intranet to widen awareness of designated No Overtime Days
- From April 2025 Exploring working hours management initiatives through our Working Hours Advisory Committee

Interim Report on 5th Next-generation Support Action Plan Initiatives

1 . Action Plan Period: April 1st 2025 to March 31st 2027

2 . Interim Report Period: Apr 1st 2025 to Mar 31st 2026

3 . Initiative Breakdown

Target 1: Raising male worker take-up rates of childcare-related leave to at least 70%

Measures

- From April 2025: Utilizing companywide notice boards such as our intranet to inform about and promote childcare leave by male employees
- From April 2025: Utilizing companywide noticeboards such as our intranet to provide guidance on taking up childcare leave
- From April 2025: Providing instruction on work considerations and basic situational knowledge to supervisors of employees expecting a child

Status of initiatives conducted between April 1st 2025 and March 31st 2026

- June 2025: Companywide notice boards such as our intranet utilized to inform about and promote childcare leave by male employees
- May 2025: Companywide notice boards such as our intranet utilized to provide guidance on taking up childcare leave
- September 2025: Instruction provided to supervisors of employees expecting a child on work considerations and basic situational knowledge

Target 2: Reducing the monthly average of full-time worker overtime outside of legal working hours and on statutory holidays to 30 hours or less

Measures

- From April 2025: Utilizing companywide notice boards such as our intranet to widen awareness of designated No Overtime Days
- From April 2025: Exploring working hours management through our Working Hours Advisory Committee

Status of initiatives conducted between April 1st 2025 and March 31st 2026

- From April 2025, companywide notice boards such as our intranet periodically utilized to conduct No Overtime Day awareness campaigns at each business site
- From April 2025, working hours management initiatives explored through twice-yearly meetings of the Working Hours Advisory Committee

Work Safety & Health ; Health Management

Policy and Basic Approach

Under its [Responsible Care Policy](#), the Nippon Kayaku Group is undertaking various initiatives related to health promotion and occupational health and safety, so that every employee may work safely and healthily and output their abilities to the fullest.

We are aiming for zero serious accidents and hazards, and, with the objective of eliminating unsafe actions, are treating the strengthening of 30-second patrols and promotion of fixed-point inspections as key Responsible Care issues. We believe it a company's responsibility to work towards accident-free and hazard-free workplaces, and guarantee the safety and security of employees.

We also believe the physical and mental health of employees to be linked to organizational vitality and improved productivity, and thereby indispensable in the quest to raise stakeholder satisfaction. That is why we not only develop explosion-prevention measures for the handling of chemicals at work, but mental health care and lifestyle improvement activities also.

Based on our core principle that "Safety Takes Priority Over Everything Else," does our Group unite as one to continually promote workplace health and safety, and health improvement activities. Such initiatives help us pursue sustainable corporate value improvements, and take us towards achieving the targets of the Long-term Management Plan: Evolution2035.

➤ [Our Declaration on the Environment, Health, Safety and Quality](#)

➤ [The Nippon Kayaku Group's Annual Responsible Care Targets](#)

System

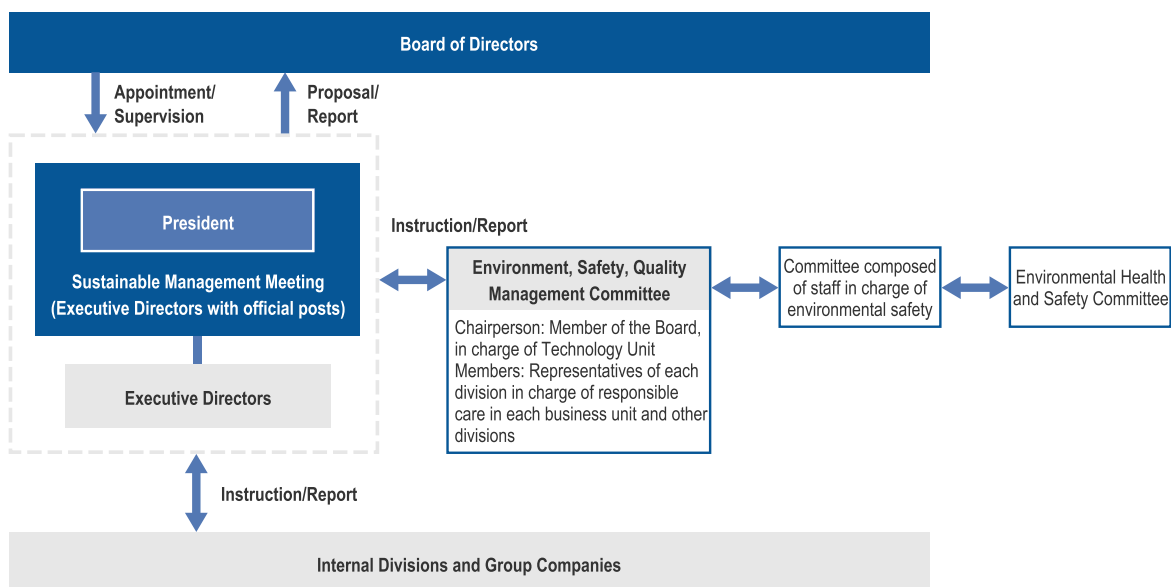
Under its [Declaration on the Environment, Health, Safety and Quality](#), the Nippon Kayaku Group has set up an Environment, Safety and Quality Management Committee.

We have appointed our Director In-Charge of the Technology Division as our person responsible for Group health and safety management. Our Responsible Care and Technology Unit serves as the office for our Environment, Safety and Quality Management Committee. Taken together, these two entities form our structure for linking with related departments.

Our Environment, Safety and Quality Management Committee fixes Responsible Care Targets and plans, and discusses improvements to work health and safety conditions, health promotion activities, fire and disaster prevention, and the creation of a comfortable workplace. Important committee matters connected to workplace health and safety, and health management, are, subject to Sustainable Management Meeting approval, reported to the Board of Directors.

We have also established an Environmental Health and Safety Committee, linked to our Environment, Safety and Quality Management Committee. With the Responsible Care and Technology Division Chief as its Chair, and its office located within that division, this committee links up with the Environmental Safety Division in-charge assigned to each business site and group company. For each business site and group company, it gathers and shares information and issues surrounding groupwide workplace health and safety management and health improvement activities, discusses key matters, and works on delivering improvements. It also convenes an annual meeting of the Environmental Safety Managers Committee, comprising both labor and management representatives from each workplace and group company, which allows both parties to discuss solutions to issues considered by the Environmental Health & Safety Committee and build consensus.

Nippon Kayaku has also formed cooperative links with the Nippon Kayaku Health Insurance Association and formed the Health Collaboration Liaison Committee with the aim of providing effective and efficient support to employees and their families in their quests to maintain and improve their health. This Liaison Committee exchanges information, reviews reports, and holds discussions on matters related to health improvement.



Work Safety Management System

ISO45001 Certifications

One of our consolidated subsidiaries, Kayaku Safety Systems (Huzhou), has gained ISO450001 Certification - the international standard for occupational health and safety management systems. The certification coverage rate was 5% as of FY2025. However, our business sites which are yet to be certified still have ISO45001-equivalent occupational health and safety risk management systems in place.

Occupational Health and Safety Management System (ISO45001) Certified Business Sites

Business Site	Certification secured	Certifying Institution	Certification Number
Kayaku Safety Systems (Huzhou)	January 2023	NQA	132021
Cover Rate *			5%

* The percentage of production facilities at Nippon Kayaku and consolidated group companies with ISO45001 certification.

Audits

> [Responsible Care Audit](#)

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Serious Accidents and Disasters	0 cases	0 cases	Consolidated

> [FY2025 Sustainability Targets and Results](#)

Results of Work Health and Safety Initiatives towards Responsible Care Targets (FY2025)

Item	Target	Results	Evaluation
• Serious Accidents and Hazards	Zero	1 case	×
• Serious Traffic Accidents	Zero	Zero	○
1. Key Responsible Care Issues	Promotion of 30-second inspections around key themes	Confirmation of initiative status at each site, as well as appropriate implementation of continuous improvement activities	○
2. Promotion of "Zero Accidents and Hazards" initiatives	Promotion of important evaluation methods in risk assessment	Inspections carried out on business sites for which they were planned	◎
	Inspection and optimization of heatstroke prevention measures	Heatstroke Prevention Measures Meeting convened; currently testing water-cooling vests that can be used in explosion-proof areas	◎
	Examination and selection of AI-incorporating hazard identification and risk assessment system	Examination, cost-benefit analysis, and selection process preparations commenced	○
3. Improvements to Workplace Health & Safety Environments	Promoting prevention of age-related accidents (conducting risk assessments focused on declining physical functions of older workers and introducing relevant measures)	Better sharing of implementation status information at the Environmental Safety Managers Committee, and confirmation of progress on the new checklists introduced for environmental health and safety inspections Chemical substance handling issues raised at certain workplaces	○

Evaluation Criteria: ◎ Completed, ○ Achieved as Planned, △ Partially Achieved, × Not Achieved

The Asa Plant Fire Incident (Nov 28th 2025)

The incident was caused by operational issues in the chemical handling process, compounded by deficiencies in management and oversight. We have taken this major incident extremely seriously, removed contributing issues and conducted a thorough root-cause investigation so as to formulate and implement systematic measures aimed at preventing reoccurrence. This incident has also driven forward our establishment of yet higher-level safety operation systems as we strive for continuous safety improvements and business operations that reassure all our stakeholders.

Results of Health Initiatives towards Responsible Care Targets (FY2025)

Item	Target	Results	Evaluation
3. Improvements to the Workplace Health and Safety Environment	Promotion of organizational stress-check analysis to grasp high-stress workplaces and take follow-up action	Implemented in July 2025	○
	Appropriate management of the Medical Examination Results Database	Reflecting results of 2025 health checks by way of the business sites conducting mass health examinations until the end of June 2026	△
	Promoting health management • Specific Health Preservation Training take-up rate of over 30% • Health event participation rate of over 60%	• Specific Health Preservation Training take-up rate of 32.6% (Results for FY2024) • 76.2% participation in Health Management Competition	◎

Evaluation Criteria: ◎ Completed, ○ Achieved as Planned, △ Partially Achieved

Initiatives: Work Health and Safety

Risk Assessment Safety Inspections Conducted

When we commence new operations, introduce new equipment, or change existing operations or equipment, we conduct Risk Assessment Safety Inspections and carry out safety policies based on their results. We also conduct HAZOP* Safety Assessments on our chemical processes and reaction equipment to analyze the primary factors behind hazards.

* HAZOP: Hazard and Operability Study: A method of safety assessment for chemical plants which allows for extraction and assessment of the potential hazards associated with chemical reactions

Joint Initiatives with the Labor Union on Occupational Health and Safety

Under its annual plan, Nippon Kayaku conducts Environmental Health and Safety Inspections in the form of internal audits at each site and certain group companies. In principle, these inspections, coordinated by the Responsible Care and Technology Division, involve the participation of the Labor Union HQ and the union branch at each site and group company.

The Environment, Health and Safety Diagnostic Check team, comprised of the Environmental Safety Division, environment safety managers and labor union members, confirms progress reports and activities related to Responsible Care policies through discussion, document reviews and onsite inspection patrols. By assessing problematic points including from union perspectives we are able to devise improvements to health and safety standards with a united labor-management stance.

FY2025 saw us conduct these Diagnostic Checks onsite. With the use of a Responsible Care Progress Confirmation Chart did we prioritize the checking of progress on Responsible Care Activities, the unearthing of potential risks based on root-cause investigations of past accident cases with a view to taking recurrence prevention measures, and the extent of risk management in the production process.

The future will see us continue to value labor-management conversations as we seek to prepare a workplace environment in which employees healthy in mind and body can work while feeling at ease.

Education and Training

In line with the law and our Annual Responsible Care Plan, we deliver Health and Safety education tailored to employee jobs and job levels. Our Group's diverse array of health and safety training is delivered in the form of induction sessions for new employees and those transferring between sites, pre-transfer safety awareness sessions for employees moving between workplaces on the same site, safety awareness sessions for newly-appointed managers, sessions for each plant foreman, chemical substance and handling training including risk management, and even sessions on chemistry basics and relevant laws. Our delivery methods constitute an efficient and effective mix of online (e-learning and external lectures) and offline formats (group sessions and on-the-job training) aimed at raising health and safety consciousness among employees.

Training Programs

Category	Target Participants	Training Content
Site Manager Training	Site Managers	Safety and health trainer training, health promotion training, understanding the roles and responsibilities of site managers, General Safety and Health Manager seminars, etc.
Environmental, Safety and Security Department Staff Training (Specialist Training)	Managers at Headquarters, Plants, and Research Laboratories; Occupational Safety and Health Specialists	Training to supplement the fundamental knowledge required for Safety Managers and Health Officers, management training covering overall safety and health management, etc.
Supervisor Training	Management and Supervisory Personnel	Foreman training, Safety Manager and Health Officer training, chemical substance management, occupational safety management, etc.
	Chemical Substance Managers	Technical aspects of chemical substance management at sites, including labeling and notification requirements, risk assessment, exposure reduction measures, response to occupational accidents, and worker education.
	Personal Protective Equipment (PPE) Program Supervisors	Selection of appropriate PPE, maintenance and management of PPE, and other duties related to protective equipment.
Worker Training	Shop-floor Employees / Workers	Work procedures, safe handling of equipment and machinery, basic knowledge of hazardous and dangerous substances, use of PPE, emergency response, mental health, risk assessment, KYT (Hazard Prediction Training), traffic safety, etc.
Orientation Training	New Employees	Overview of the Industrial Safety and Health Act, Responsible Care, safety and health rules, etc.
	Transferred Employees	General occupational safety and health, hazards associated with equipment and materials, etc.
	Temporary Employees	General occupational safety and health, hazards associated with equipment and materials, work procedures, emergency response, etc.
	Contractors	Site safety rules, etc.
	Construction Contractors	Rules for construction work areas, operation of machinery and equipment, hazard information on chemical substances, etc.

Initiatives: Health Management

Physical Health

All Nippon Kayaku Group employees undergo Periodical Health Checks which form the core of Health Management. Employees deemed by an occupational health physician to be in need of support are provided with consultations which offer advice and further guidance on personal health management. We also lay on special health checks for employees who handle designated chemicals. The toxicity data on the chemicals they handle has been input into a database which forms the kernel of our risk assessments designed to prevent accidents and health hazards. Another initiative sees us promote THPs* for “building a healthy body and mind” at every business site in order to maintain and improve employee health. By reassessing the individual lifestyle habits of employees and promoting continual and systematic commitment to health, we are aiming for a situation in which everyone can live more healthily. Physical strength tests, health management competitions, group walks and hiking are also part of our health agenda.

* THP (Total Health Promotion Plan): An initiative based on the five-step PDCA cycle of Health-building Plan, Health Measurement, Health Instruction, Health Activities, and Lifestyle Habit Improvement and Workplace Revitalization

Regular health check take-up rate

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Regular health check take-up rate*	non-consolidated	%	100	100	100	100	100

* Excluding employees on administrative leave

Mental Health

If improved work productivity is to be compatible with successful creation of added value, then a workplace which allows employees to work energetically is just as indispensable as physical and mental health.

2005 saw Nippon Kayaku's then-president issue the Declaration on the Introduction of a Mental Health Care System and give thorough instruction to company management. Of importance to mental health care is for every employee to continually gather proper knowledge and recognition of the issues at hand so that they may swiftly detect mentally-suffering colleagues and work on preventative measures. At that point was emphasis placed on the initiative of "thinking of ways to prevent mental suffering as a top priority."

Our mental health training commenced in FY2005 with instructors invited from our EAP* contractor, while a succession of 3-year plans since FY2006 has ensured such training is open to all employees.

We have also set up e-learning initiatives to ease access to the training for the hearing impaired and for salespersons or other employee groups who are difficult to gather in a single place. For those obliged to take time off work due to mental health issues, we have set up a Return-to-Work Program. Links are forged between the employee's supervisor, an occupational health physician and a counselor as part of a smooth Return-to-Work Support System that places priority on relapse prevention. In line with the revised Industrial Safety and Health Act, we began conducting stress checks on an annual basis in FY2015, with an employee take-up rate of over 97% in every year since. (Indeed, the take-up rate for FY2025 reached 97.6%). Stress check results allow us to not only grasp individual stress situations but analyze situations in each organization, thereby highlighting high-stress workplaces and enabling follow-up improvement actions.

* EAP: Employee Assistance Program

Mental health-related

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Stress-check take-up rate*	non-consolidated	%	98.1	97.9	98	96.6	97.6
Proportion of "highly-stressed" persons	non-consolidated	%	10.6	10	10.1	10.1	8.8
Mental health-related investments	non-consolidated	million yen	13	12.6	12.6	10.8	10.2

* Excluding employees on administrative leave

Support for Workplaces without a Statutory Occupational Health Physician

Originally, with respect to offices not required to appoint an occupational health physician*, Nippon Kayaku was regrettably unable to set up occupational health physician interviews post-statutory health check or post-Nippon Kayaku Health Insurance Association Adult Disease Health Check. However, FY2013 saw us review this situation and dispatch our head office occupational health physician to the business sites in question to conduct the relevant interviews. Since FY2014, this physician has toured every Nippon Kayaku office in the country. In addition to fixing an annual schedule for onsite visits, we also make use of a web meeting system to conduct further health interviews online.



* Offices not required to appoint an occupational health physician: Under Article 13 of the Occupational Health and Safety Law, and Article 5 of the Occupational Health and Safety Enforcement Ordinance, offices with fewer than 50 employees have no need to appoint an occupational health physician.

Health Management Competition

Since FY2018, Nippon Kayaku and a section of its Group companies have been working on health improvement initiatives by holding a companywide health management competition. A total of 2629 employees from across the Group got involved in FY2025, making for a participation rate of 76.2%.

The Companywide Health Management Competition is held in the March of each year. Participants record their health-related activities over a one-month period and accumulate points. The scores for each business site and Group company are then compiled by the Responsible Care & Technology Division before being aggregated and analyzed by the Environmental Protection & Safety Division. Among the various matters to be logged are: morning and lunchtime exercise, daily diet, brushing of teeth, sleep, number of paces walked, leisure and sports activities. Employees can choose to participate individually or in a team.

We will keep going with Companywide Health Management Competitions in order to help employees maintain and improve their health.

Health Management Competition: Participants and Participation Rates

		Unit	2021	2022	2023	2024	2025
Nippon Kayaku	Participants	Persons	1,976	2,105	2,096	2,242	2,250
	Participation rate	%	65.1	69.2	70.1	74.5	76.5
Group companies	Participants	Persons	82	317	348	361	379
	Participation rate	%	32.4	65	69.6	72.8	74.8
Nippon Kayaku Group overall	Participants	Persons	2,058	2,422	2,444	2,603	2,629
	Participation rate	%	62.6	68.6	70	74.2	76.2

External Evaluations

Nippon Kayaku has been evaluated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi Organization as “an enterprise that thinks about employee health management from a managerial perspective and tackles the issue strategically.” We have therefore been approved as a 2026 Health and Productivity Enterprise in the Large-scale Enterprise Category.*

This is testament to our vast number of initiatives on maintaining and improving employee health, including preserving a 100% take-up rate of periodical health checks, the introduction of stress checks and our mental health training. We also owe the award to our series of policies including: the extraction of health improvement issues to be tackled, coming up with relevant initiatives to improve health check results, introducing passive smoking measures, and setting up health-themed events for all employees.

Nippon Kayaku considers employee health improvement essential to enhancing corporate value and stakeholder satisfaction, and will therefore continue proactively engaging in health management activities.



* Health and Productivity Enterprise in the Large Enterprise Category: A company gaining accreditation in the category for large-scale enterprises and medical corporations within the Health and Productivity Accreditation System created in 2016 by the Ministry of Economy, Trade and Industry.

Related Data

➤ [ESG Aggregate Data\(Occupational Health and Safety\)](#)

Respect for Human Rights

Message from the Director In-charge

Human rights belong to everyone from birth and are indispensable in the pursuit of a happy and prosperous life for all.

The Nippon Kayaku Group views protection of fundamental human rights as a top priority. With human rights attracting attention as a major social issue and the importance of respecting them currently on the rise, various stakeholders demand that we respond to the changing human rights environment across our spectrum of business activity.

As we expand our business activities globally, we remain conscious that respecting human rights on an international scale is the base of sustainable management. Respect for human rights is stipulated in both our “Nippon Kayaku Group Charter of Conduct and Code of Conduct” and “Nippon Kayaku Group Human Rights Policy”, and has propelled our initiatives until this point.

Through our conduct of business activity, we work not only to avoid human rights violations ourselves but the unintentional promotion of such violations within, for example, our supply chain. We understand how business activities impact upon human rights. Hence, by raising human rights awareness within each and every employee and tying that into our everyday actions, shall we aim to remain a company which has earned society’s trust and contributes towards the making of a sustainable society.

Henceforth, as a signatory company to the UN Global Compact, we shall continue to affirm the “10 Principles of the UN Global Compact” and advance initiatives on respecting human rights for everyone involved in Nippon Kayaku Group business activities.



Makoto Takeda
Member of the Board
Managing Director

Policy and Basic Approach

Nippon Kayaku Group Human Rights Policy

The Nippon Kayaku Group recognizes its responsibility to protect the human rights of all people affected by its business activities.

To that end, the Nippon Kayaku Group hereby establishes the Nippon Kayaku Group Human Rights Policy (the "Policy") based on the United Nations Guiding Principles on Business and Human Rights, with the purpose of promoting initiatives to ensure respect for human rights throughout the Group.

The Nippon Kayaku Group aims to meet the expectations of its stakeholders and contribute to society through its business operations as part of its corporate vision, the KAYAKU spirit. As a standard of conduct to realize the KAYAKU spirit, the Nippon Kayaku Group has established the Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of its corporate activities, the Group respects fundamental human rights, complies with laws and regulations, engages in fair business activities, and seeks to repay the trust placed in by its stakeholders by providing happiness and delight.

◆ 1. Basic policy on human rights

This Policy is a promise that the Nippon Kayaku Group will respect human rights, in order to earn the trust of all stakeholders based on its corporate vision; the KAYAKU spirit. The Nippon Kayaku Group supports and respects international norms relating to human rights, including the United Nations’ International Bill of Human Rights (made up of the Universal Declaration of Human Rights [UDHR], the International Covenant on Civil and Political Rights [ICCPR], and the International Covenant on Economic, Social and Cultural Rights [ICESCR]), the United Nations Declaration on the Rights of Indigenous Peoples, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work, as well as the Children’s Rights and Business Principles developed by the United Nations Children’s Fund (UNICEF), the United Nations Global Compact, and Save the Children. As a signatory to the UN Global Compact, the Nippon Kayaku Group also supports and respects the Ten Principles of the Compact.

◆ 2. Respect for human rights through business activities

2.1 Prohibition of discrimination and harassment

The Nippon Kayaku Group does not tolerate discrimination or harassment based on gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, sexual orientation, marital status, employment status, or other characteristics.

2.2 Appropriate working hours

The Nippon Kayaku Group manages its employees' working hours, days off, and leave entitlements appropriately and in accordance with applicable laws and regulations.

2.3 Fair and equitable remuneration

The Nippon Kayaku Group provides its employees with fair and equitable remuneration. It complies with applicable laws and regulations on minimum wages, out-of-hours work, and statutory welfare and well-being programs and pays its employees an amount higher than the minimum wage so that they are able to maintain or exceed a certain standard of living.

2.4 Freedom of association and collective bargaining rights

Pursuant to laws, regulations, and labor practices of countries and regions where it operates, the Nippon Kayaku Group respects its employees' freedom of association and the right to collective bargaining in their labor-management relations.

2.5 Prohibition of forced labor

The Nippon Kayaku Group does not tolerate forced labor. It also has no tolerance for modern slavery in any form, including debt bondage or human trafficking.

2.6 Prohibition of child labor

The Nippon Kayaku Group does not tolerate child labor and observes the statutory minimum working age. It does not engage any person under the age of 18 years in dangerous operations that may harm that person's health or safety, such as night work or out-of-hours work.

2.7 Occupational health and safety

In accordance with applicable laws and regulations, the Nippon Kayaku Group establishes a work environment where each and every employee can continue to work in good health and safety and without undue stress.

2.8 Impact on community residents

In order to avoid adverse effects on the safety and health of local community residents, the Nippon Kayaku Group conducts human rights impact assessments (such as those relating to contamination and water stress) and takes necessary measures in accordance with international norms to avoid risks and mitigate impacts.

◆ 3. Scope of application

This Policy applies to all officers and employees of the Nippon Kayaku Group. The Nippon Kayaku Group requires all business partners involved with its business activities, products and services to comply with this Policy.

◆ 4. Responsibility to respect human rights

The Nippon Kayaku Group recognizes that it cannot completely eliminate the possibility of adverse impacts on human rights in its business activities. The Nippon Kayaku Group will fulfill its responsibility to respect human rights and build a responsible supply chain by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights in its business activities.

◆ 5. Human rights due diligence

The Nippon Kayaku Group will establish a system to ensure human rights due diligence, identify adverse impacts of the Group on human rights in society, and strive to prevent and mitigate such impacts.

◆ 6. Dialogue and consultation

The Nippon Kayaku Group recognizes that in order to appropriately address any impacts of its business activities on human rights, it is important to adopt the perspective of stakeholders whose human rights are, or are likely to be, affected by its business activities.

◆ 7. Education and training

The Nippon Kayaku Group will provide appropriate education and training to ensure that this policy is incorporated and effectively implemented in all of its business activities.

◆ 8. Access to remedy

If it is found that the Nippon Kayaku Group's business activities have caused an adverse impact on human rights, or if involvement through business partners is discovered or suspected, the Company will conduct an appropriate investigation and, if necessary, work to remedy the situation through dialogue based on international standards and appropriate procedures.

◆ 9. Person responsible

The Nippon Kayaku Group shall clearly specify an officer in charge of the implementation of this policy and supervise the state of its implementation.

◆ 10. Information disclosure

The Nippon Kayaku Group will disclose the progress and results of its efforts to respect human rights on its website, and by other means.

◆ 11. Applicable laws and regulations

The Nippon Kayaku Group will comply with the laws and regulations of each country or region in which it conducts its business activities. In the event of any conflict between the laws and regulations of individual countries and internationally recognized human rights, the Group will pursue ways to respect international human rights policies to the fullest possible extent.

This policy is adopted by the Company's Board of Directors and signed by its President and Representative Director.

Established April 1, 2022

Revised February 27, 2024

Nippon Kayaku Co., Ltd.

President and Representative Director



Nippon Kayaku Group Human Rights Policy Translations

➤ [Japanese \[554.0KB\]](#) 

➤ [English \[150.7KB\]](#) 

➤ [Chinese \[339.8KB\]](#) 

➤ [Spanish \[153.2KB\]](#) 

➤ [Malay \[232.3KB\]](#) 

➤ [Czech \[215.9KB\]](#) 

System

In order to ensure respect for human rights and thorough compliance groupwide, we have established the Ethics Committee to serve as an advisory body to the Sustainable Management Meeting. This Committee meets twice a year, and on a further ad hoc basis when necessary. It is chaired by an Executive Director with an Official Post nominated by the President, and comprised of representatives from every business unit's planning department and every section of our General Administration Department, which is unattached to any business unit. Its remit is to decide upon policies and specific measures for complying with our Group's Charter of Conduct and Code of Conduct, as well as explore and determine responses and recurrence prevention measures for human rights consultations and matters of concern. The most important matters discussed by the Ethics Committee are forwarded to the Sustainable Management Meeting, and even the Board of Directors, so that feedback may be provided.

We are currently building links with the relevant departments to develop our human rights due diligence system based on the Group's Human Rights Policy, with our Ethics Committee Chair serving as the person in charge, and our Corporate Planning Division's Sustainability Promotion Department fulfilling our office functions. We have ensured resources are in place for our Human Resources Department to deal with human rights risks to employees, and for our Purchasing Division and business unit Purchasing Departments to deal with equivalent risks concerning suppliers. The human rights agenda for discussion is approved by the Sustainable Management Meeting, which reports and sends proposals to our Board of Directors.

Targets and Results

➤ [Labor Practices Targets](#)

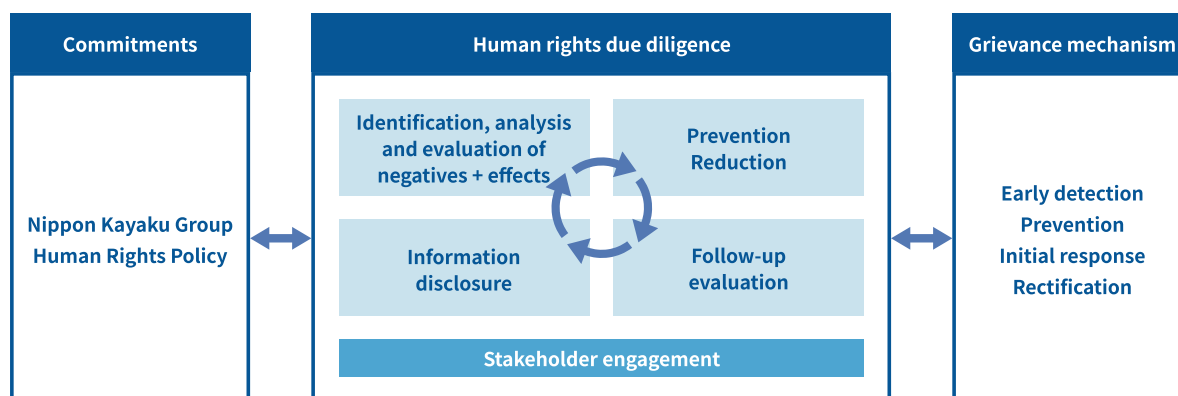
➤ [Environmental and Social Considerations Targets in the Supply Chain](#)

➤ [FY2025 Sustainability Targets and Results](#)

Initiatives

Human Rights Due Diligence

In line with its Human Rights Policy, the Nippon Kayaku Group perceives respect for human rights as a Key Sustainability Issue and has set up a related Action Plan. By administering and disclosing progress reports on an annual basis are we taking a groupwide approach towards constructing and promoting a due diligence process. FY2021 saw us conduct human rights assessment surveys of our primary and secondary suppliers. FY2022, meanwhile, brought the launch of two workshops for all executives and managers of relevant departments aimed at developing understanding of “Business and Human Rights.” And FY2023 saw us conduct an internal survey which enabled us to grasp both the evident and latent human rights-related risks as perceived by employees, and thereby identify the priority themes for stemming related negative effects. We thus plan to strengthen our measures through reflecting stakeholder opinions while periodically reviewing our human rights risk assessments and the risks requiring priority measures.



◆ Extracting the Human Rights Risks

Based on the Ministry of Justice Human Rights Bureau’s “Survey Research on Business and Human Rights,” we conducted an internal survey of our Complaints Board, which includes both company and union members. The survey saw us quiz Nippon Kayaku Group employees on both the evident and latent human rights-related risks as perceived by employees, then assign levels relating to “likelihood of occurrence” and “degree of seriousness” - the higher the levels assigned, the higher the levels of risk. Our survey results were then used by our Corporate Planning Department’s Sustainability Promotion Department, who serves as our Human Rights Due Diligence Office, to compile a Human Rights Risk Map, and confirm likelihoods of occurrence, degrees of seriousness, and low-to-moderate risks. Among all those, the human rights risks requiring priority measures were identified by the Sustainable Management Meeting as: ① Power harassment, ② Excessive overtime and long working hours, and ③ Right to privacy.

Human Rights Indicators Considered for our Risk Assessments

Insufficient wages; unpaid wages; living wages; excessive overtime and long working hours; worker safety and health; the right to social insurance; power harassment; sexual harassment; maternity harassment; paternity harassment; harassment due to caring for relatives; forced labor; freedom of movement; freedom of association; foreign worker rights; child labor; human rights issues in technology and AI; right to privacy; discriminatory recruitment; discriminatory employment conditions and treatment; discriminatory assessments and unequal access to opportunities; gender-based (including gender-based materiality) human rights issues; freedom of expression; bribery and corruption; access rights to help.

◆ Enactment of Measures to Prevent, Reduce and Correct

Based on our assessment of the effects of human rights-related risks, and the top policy risks identified by Group employees, we have implemented the following preventive, reduction and corrective measures to forestall any negative impacts on human rights.

Human Rights Risks Requiring Priority Measures Identified by Nippon Kayaku Group Employees	Preventive, Reduction and Corrective Measures to Forestall Negative Impacts
Power harassment	• Instillation of the “Nippon Kayaku Group Charter of Conduct and Code of Conduct” and “Nippon Kayaku Group Human Rights Policy” • Compliance Consciousness Survey • Education and training
Excessive overtime and long working hours	• Optimization of working hours and reduction of long hours
Right to privacy	• Information security initiatives • Instillation of the “Nippon Kayaku Group Privacy Policy” and “Personal Information Protection Policy” • Education and training

Establishment of a Whistleblowing Consultation Service

So as to uncover legal and human rights violations at early stages, take preventative measures, and increase management transparency and fairness, the Nippon Kayaku Group has established both a Compliance Hotline and a Compliance Hotline for Suppliers.

The former hotline is available to all executives and employees (including contract employees and part-time employees) and temporary employees (up to one year after they have left). Whistleblowers can report to, or consult with, either our Ethics Committee Staff Office (our Internal Control Management Division Compliance Chief) or an external law firm.

The latter hotline is available to executives and employees of suppliers conducting business with the Nippon Kayaku Group inside Japan. Whistleblowers can report to, or consult with, our Ethics Committee Staff Office (our Internal Control Management Division Compliance Chief).

Both forms of consultation service guarantee confidentiality and anonymity, meaning that no report or consultation will result in blowback against the whistleblower.

➤ [Our Internal Whistleblowing System](#)

➤ [Our Compliance Hotline for Suppliers](#)

Education and Training

The Nippon Kayaku Group offers yearly human rights issue training to all executives, employees (including contracted and part-time employees) and temp staff, in order to achieve shared awareness of the importance of respecting the human rights of all corporate activity stakeholders. The contents of such sessions are based on human rights policies, harassment prevention, revisions to the law, and Compliance Awareness Survey results. We have also created a booklet which includes an explanation of our Group's Human Rights Policy and translated into five other languages (English, Chinese, Spanish, Malay and Czech) for use at various countries hosting our manufacturing bases. The booklet has been distributed to all Group employees as we seek to ensure the contents within become common knowledge.

Training type	Main contents	Chiefly targeted at	FY	Format	Number of times	Take-up rate
Sustainability training	• Nippon Kayaku Group Human Rights Policy, Human Rights Initiatives Required of Companies	Executives, employees, (including contract and part-time employees), temporary employees	2025	e-learning	1	89%

Abolition of Forced Labor

The Nippon Kayaku Group, within its Human Rights Policy, clearly states that it does not tolerate any form of modern slavery such as forced labor, debt bondage or human trafficking. Recruitment is always predicated on the receipt of a job application from an applicant who must go through a screening process comprised of at least one stage. Furthermore, our successful applicants are always presented with labor terms and conditions to which they must consent before commencing their work with us.

Abolition of Child Labor

The Nippon Kayaku Group, within its Human Rights Policy, clearly states its zero-tolerance approach to child labor and its respect for minimum employment age requirements laid down in law. When recruiting employees, we observe the laws of the countries concerned, and demand that recruiting agencies and suppliers do likewise. We do not demand night shifts or overtime from minors under 18, nor do we assign them risk-laden work which may threaten their safety or health.

Religion

As a Group conducting corporate activities across the global stage, Nippon Kayaku is comprised of employees from diverse nationalities, religions and cultures. Thus, when holding groupwide meetings or inviting overseas employees to Japan for education or training sessions, we make sure to confirm their needs and provide the relevant prayer rooms, and meals sensitive to religious dietary requirements. Our Safety Head Plant in Himeji sometimes welcomes employees of the Muslim faith for technical training sessions, and accordingly prepares a prayer room, a space to purify the body, and a Halal food menu in its canteen.

Wage Management

➤ [Human Capital \(Wage Management\)](#)

Freedom of Association and Collective Bargaining Rights

➤ [Human Capital \(Labor Relations\)](#)

Human Rights Considerations in Sustainable Purchasing

In order to promote human rights initiatives across the entire supply chain, Nippon Kayaku has determined its Sustainable Procurement Guidelines based on its Charter of Conduct and Code of Conduct, Purchasing Principles, Basic Purchasing Policy and Responsible Mineral Procurement Policy. We have made these Guidelines known to our suppliers, and use them as the base for our Sustainable Purchasing Surveys. We are pleased to report that our survey for FY2025 revealed no serious human rights issues which would require us to issue suppliers with a Demand for Improvement Notice. We will continue to enlist our suppliers in promoting sustainable procurement going forward.

➤ [Environmental and Social Considerations in the Supply Chain](#)

Responses to Human Rights Violations

Our Compliance Awareness Survey for FY2025 revealed no serious cases related to human rights.

Participation in Initiatives

Since 2022, the Nippon Kayaku Group has sat on the Human Rights Due Diligence Subcommittee of the UN Global Compact Network Japan. By deepening our knowledge of human rights issues through the subcommittee's expert seminars, and sharing information with other companies during theme-based and industry-based groupwork, we gain much to apply to our own initiatives on respect for human rights.

Quality and Customer Safety

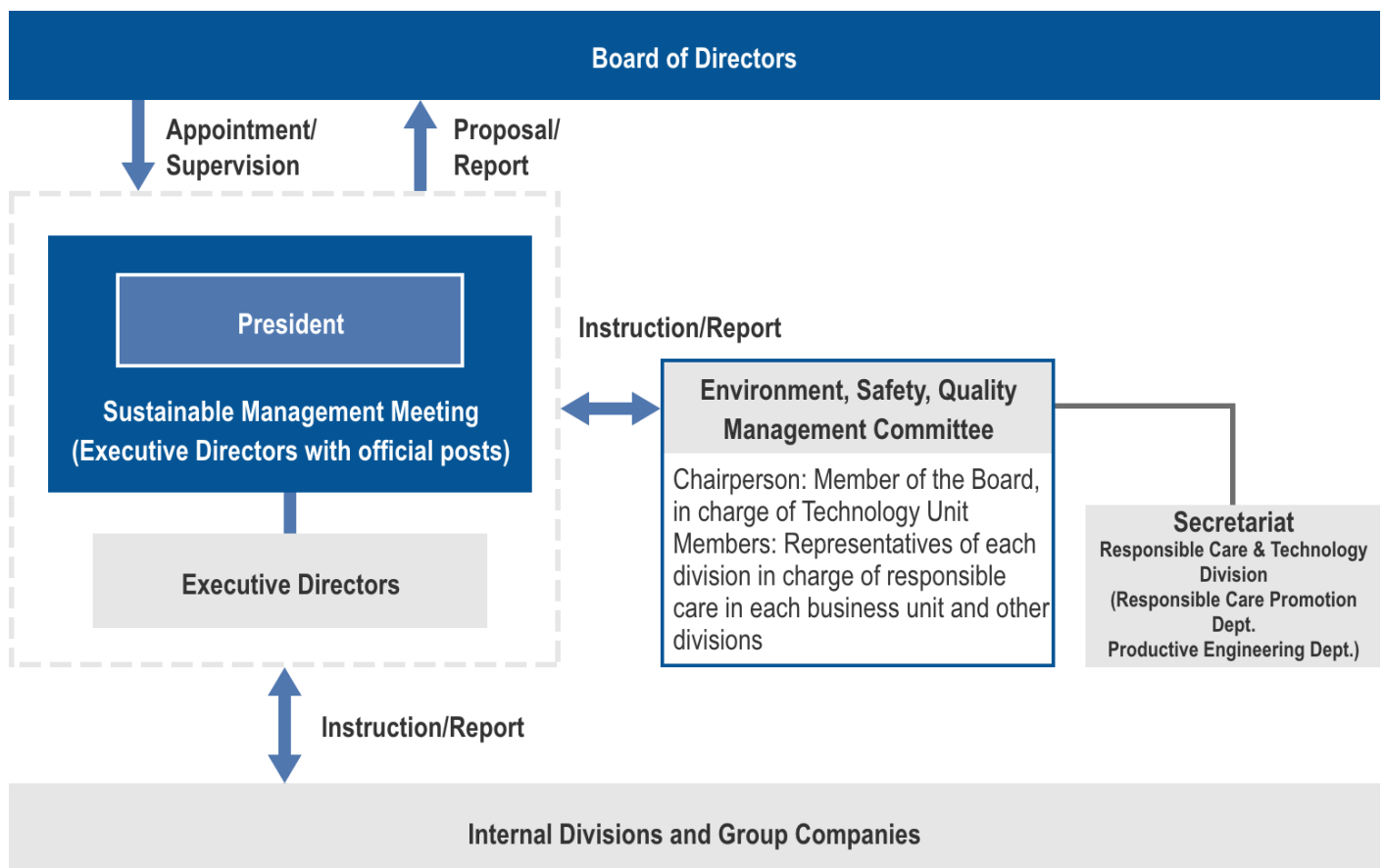
Policy and Basic Approach

So as to deliver high-quality, safe and secure products to society at large, we have fixed as our basic policy, under the KAYAKU spirit, our Declaration on the Environment, Health, Safety and Quality, and built up our Quality Assurance System. Using these as the base for appropriate operation of our Quality Management System, we are working towards thorough quality governance which includes indicators laid down in our Key Sustainability Issues. We also recognize the importance of being responsible throughout every product's life cycle, from planning, development and production to disposal and recycling, as well as with respect to resources, energy and the handling of information. As such, we are focused on raising the quality awareness levels of our employees.

➤ [Our Declaration on the Environment, Health, Safety and Quality](#)

System

The Nippon Kayaku Group has integrated its quality management practices by setting up an Environment, Safety and Quality Management Committee to serve as an advisory body to the Sustainable Management Meeting chaired by our President. This Committee is comprised of Quality Assurance Managers from each business unit and representatives from back-office headquarters departments. It engages itself in strengthening the entire Group's Quality Assurance System through discussing quality assurance policies and the status of quality improvement activities, then reporting to the Sustainable Management Meeting.



International Certifications

The Nippon Kayaku Group is developing its presence through its three business units of Mobility & Imaging, Fine Chemicals and Life Science. We have constructed appropriate quality management systems for our various forms of business, with each business unit acquiring certification for international quality assurance standards in order to develop and provide high-quality products and services.

In the Mobility & Imaging Business Unit, the Safety Systems Group, the Safety Head Plant (Himeji) and the Research and Development Division have all acquired IATF16949 certification, an international quality management system standard for the automotive industry devised by the International Automotive Task Force (IATF). Our overseas Group companies engaged in the manufacture of automotive parts have also acquired this certification as they work on providing yet higher-quality products. In the Fine Chemicals Business Unit, October 2020 saw the commencement of our unified quality management system for the Fukuyama Plant, Asa Plant, Tokyo Plant, headquarters and research labs, and Taiwan Nippon Kayaku. This system gained integrated certification for ISO9001 in July 2021.

Meanwhile, in the Life Science Business Unit's Pharmaceutical Group, our Takasaki Plant and Medical Research Laboratories have integrated certification for ISO9001 and integrated certification for ISO13485 - the quality management system standard for medical device and IVD (In Vitro Diagnostics). Furthermore, October 2022 saw our NIPPONKAYAKU FOOD TECHNO Group company acquire ISO22000 certification pertaining to food safety management system standards. Meanwhile, in our Agrochemicals Group, the Kashima Plant and Agrochemicals Laboratories commenced their unified quality management system in March 2021, and gained ISO9001 certification five months later.

➤ [Business Sites with Certified Quality Management Systems](#)

Quality Audits

So that the Nippon Kayaku Group can operate appropriate quality governance aligned with the characteristics of each business, the Quality Assurance Department set up for each business unit conducts quality audits of the business sites under its remit. Additionally, each Quality Assurance Department is periodically subjected to core quality inspections* by the Responsible Care and Technology Unit's Production Technology Managers TQM Group, which makes suggestions on how to improve quality assurance levels and confirms whether quality management systems are functioning effectively and efficiently.

* Our Group sets up quality audits in the form of Quality Inspections.

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Number of serious complaints *Losses of JPY 10 million or greater	0 cases	0 cases	Consolidated
Number of Major Quality Process Abnormalities *Losses of JPY 10 million or greater	0 cases	0 cases	Consolidated

➤ [FY2025 Sustainability Targets and Results](#)

Initiatives

Promoting Quality Assurance and Quality Improvement Activities

Our Responsible Care and Technology Unit's Production Technology Managers TQM Group lends support to each business unit's Quality Assurance Division, and promotes both quality assurance and quality improvement activities.

We are working on strengthening the requisite technical skills for quality management and aiming to decrease customer complaints and production process abnormalities through conducting Quality Inspections, quality-themed education and training, and quality improvement activities.

Nippon Kayaku's quality management story begins in 1948, when a plant technician voluntarily began looking into quality control statistical methods. The passionate continuation of such activity was eventually rewarded with a Deming Prize in 1963. This spirit of quality improvement has been handed down to the present day, with the quality improvement activities steered by onsite technicians yielding many improved outcomes. These results have been shared and horizontally expanded across the organization via our KAYAKU Technology Forum and Manufacturing Engineering Awards. We have also updated our textbook "Quality Management for Everyone" from the time of the Deming Award to fit the present day, and continue to use it for education and training.

◆ Quality Improvement Activities

Our Group investigates the reasons behind quality defects and customer complaints. Effectively preventing recurrence requires not individual efforts, but all workplace employees pooling their thoughts together and proposing appropriate measures. With this aim in mind do we incorporate the Why? Why? Analysis Method. Specifically, this has involved creating a Why? Why? Analysis Manual which currently helps revitalize our improvement activities.



◆ Business Unit Initiatives

The Nippon Kayaku Group not only provides training programs to each business unit through its Responsible Care and Technology Unit's Production Technology Managers TQM Group, but is rolling out various quality assurance activities aligned with each industry type.

Fine Chemicals Business Unit Initiatives to Strengthen Product Quality Credibility

Our Fine Chemicals Business Unit has set up a Quality Assurance Division to serve as its Quality Department and, through linking up with production sites and business sections both domestically and overseas, undertakes initiatives to guarantee product quality in line with customer expectations. To increase the credibility of quality inspections at the Fukuyama and Asa plants, we have introduced the Laboratory Information Management System (LIMS) in our push to expand operations. Through its digitalization of quality inspection work, LIMS offers efficiency by minimizing the need for human involvement, thereby preventing human error during data transfers, and ensuring that processes are performed as determined by the inspection.

Furthermore, in order to prevent production process abnormalities before they happen, we are making use of various risk assessment methods such as Failure Mode and Effects Analysis (FMEA). Quality patrols are an indispensable initiative in our drive to strengthen production area quality management and overall product quality. They occupy an important place in our efforts to detect potential problems and devise appropriate response measures, and are therefore conducted at each production site. Going forward, we shall continue, through various activities, to promote the fostering of a quality culture which sees employees voluntarily act on quality issues and feel a sense of quality responsibility while carrying out their jobs, so as to deliver products that everyone can trust.

Quality Crisis Management

The Nippon Kayaku Group views opinions and observations on quality submitted by our customers as not only issues that need solving but as valuable opportunities to improve product and service quality overall. All quality-related information submitted by customers is internally shared, with root causes promptly and accurately examined, and remedial measures then taken. Such information is then horizontally rolled out so as to prevent reoccurrences. In the unlikely event of an incident that poses serious quality issues or threats to customer safety, we follow our crisis management process, promptly set up a response team on the instructions of our Crisis Management Committee Chair, and make every effort to minimize the effect on our customers. With customer safety and trust at the forefront of our minds do we strive for highly-transparent information disclosures and sincere responses to quality issues.

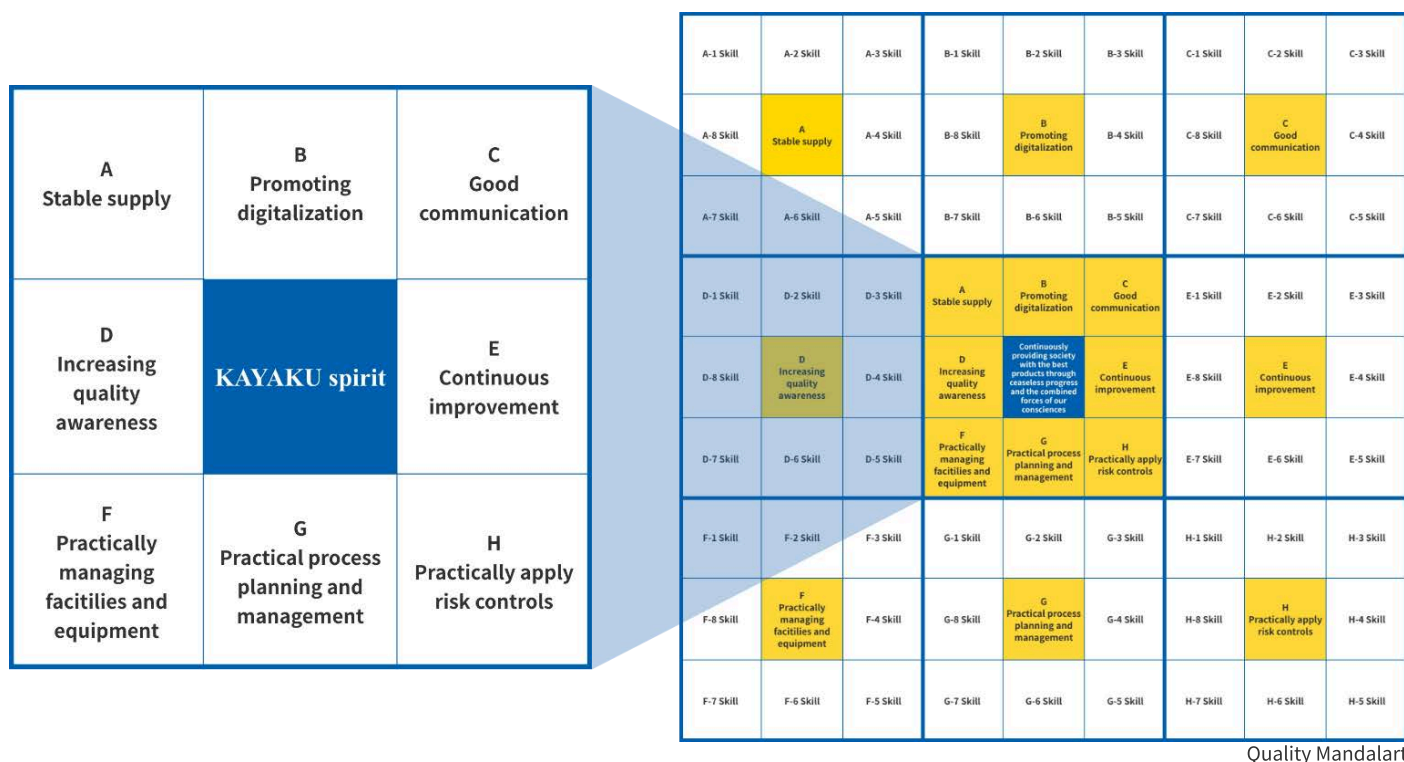
➤ [Risk Management \(Responses to Emergencies and Crisis Management System Construction and Administration\)](#)

Quality Education and Training Initiatives

Our Responsible Care and Technology Unit's Production Technology Managers TQM Group draws together the necessary issues that accompany quality assurance and quality improvement activities under a Quality "Mandalart" chart based on our KAYAKU spirit corporate vision, clarifies said issues, and delivers the relevant quality training on a systematic basis.

In a further subdivision of the mandalart chart, the necessary knowledge and skills required to resolve issues A to H and realize the company we wish to be are also defined. The resultant quality education programs are delivered in both group-session and online-meeting formats so that every business unit's R&D and plant employees can efficiently and effectively join regardless of where they move. Through, for example, dispatching instructors to every business site and delivering the contents to multiple locations simultaneously in a hybrid format, we are also devising training methods which make adept use of both online and offline formats.

We also conduct post-training surveys to help us further improve the quality and volume of training delivered.



Nippon Kayaku continuously provides training on quality across the employee spectrum, from new recruits to management classes. Each and every employee is studying to improve their quality awareness on a daily basis in the quest to achieve high-quality products and services.

Training Contents include...

- e-learning seminars with the aid of our internal quality training textbook: "Quality Management for Everyone."
- Field Data Analysis: Learning School~
- Internal quality auditor training

Quality Training Attendance Results(Japan)

Training Type	Contents	Attendees in FY2025	Total
Why? Why? Analysis Training	• Root cause analysis at the time of a problem • Drafting reoccurrence prevention measures • Practical exercises	47(41 males, 6 females)	310(Since FY2020)
Measures Against Human Error Training	• Extracting human error risks • Drafting advance prevention measures • Horizontal expansion of prevention activities	63 (51 males, 12 females)	973(Since FY2020)
Quality Training for New Hires	• The relationship between Quality the KAYAKU spirit • "Quality Control for Everyone"; 7 tools for Quality Control • ISO standards and accreditation	46(32 males, 14 females)	363(Since FY2021)
Monthly Quality Lecture	Seminar on Quality Defect Prevention "Communication and Psychological Security protect Quality and People"	189(146 males, 43 females)	492(Since FY2023)

Quality Improvement Activities Conducted with Suppliers

The need to rapidly deliver high-quality products to market makes continuous quality improvement activities based on relationships of mutual trust with suppliers essential.

In the Safety Systems business, our Quality & Safety Division gets involved from the initial supplier selection stage, conducting process audits, confirming quality situations, and offering education sessions to provide advice on quality improvement. Nippon Kayaku Group Quality Manuals are also distributed to all suppliers, who must sign a form confirming their acceptance of manual stipulations.

The Purchasing Division conduct regular audits of suppliers according to the type and importance of materials purchased. These audits involve reinforcing the Nippon Kayaku Group's basic approach to quality assurance, confirming quality management standards and the supplier's quality situation, and offering advice on quality improvement.

FY2025 saw a total of 19 such supplier audits conducted (9 onsite and 10 by document submissions only), with the emergence of zero cases connected to serious quality issues. Where points of issue arose, the suppliers in question were made to submit a Process and Product Audit Improvement Plan with Relevant Measures Form, and we are currently confirming whether those remedial measures are in fact being enacted.

Stronger relations with suppliers are of key importance in the quest to maintain and improve quality. We will continue to hold consultations on problems and concerns as part of wider opinion exchanges, and work in tandem with our suppliers to maintain and improve quality.

◆ Quality Education for Suppliers

We believe that providing our customers with high-quality products and services necessitates cooperation with suppliers to deliver quality assurance through investigations and audits, and the promotion of continuous quality improvement activities. As Nippon Kayaku supplier industries differ from group to group, we compile all quality assurance approaches and demands for each separate business group and distribute to the suppliers concerned. We also, in accordance with the type and importance of items procured, conduct audits on our suppliers with appropriate frequency, with departments related to Purchasing and Quality teaming together for this purpose. Any issues identified through audits are followed up with suppliers until corrective actions have been implemented and their effectiveness has been verified.

In its quest to drive forward initiatives to maintain and improve manufacturing contractor product quality, our Agrochemicals Group enlists the cooperation of both domestic and overseas contractors in conducting periodical audits and thorough information exchanges. Quality Assurance and Technology departments join forces to conduct these audits, with the R&D department participating when necessary. Such audits are preceded by a questionnaire covering matters such as compatibility with laws and regulations, quality assurance systems, and quality management and production process conditions, allowing us to grasp any low self-evaluations submitted by contractors and, to the best of our abilities, confirm situations for ourselves onsite. Furthermore, the sharing of information on past internal or manufacturing-contractor-related near-misses and subsequent response measures helps us take steps to prevent reoccurrences. Through such links with our manufacturing contractors we are contributing to the development of sustainable farming through working on improved product quality and customer satisfaction, and supporting food supplies.

Responses to Customers

◆ Life Science Business Unit

Responses to Enquiries from Patients and Medical Professionals

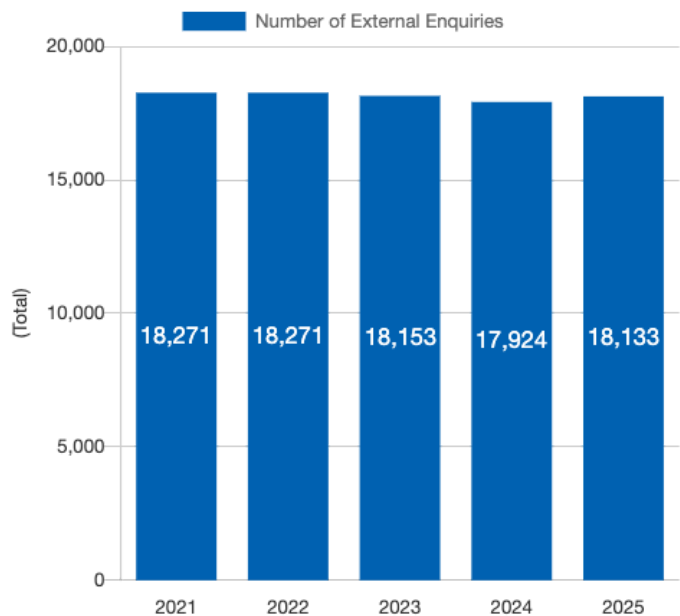
Our Medical Information Service Center has a toll free number for fielding all kinds of enquiries from patients and medical professionals on Nippon Kayaku pharmaceutical drugs and medical devices, including anti-cancer drugs, autoimmune disorder drugs and endovascular embolization materials. The Center handled 18,133 enquiries in FY2025. With the aim of ensuring that all our products come to serve customers even better, the Center's staff endeavor to handle each enquiry with speed, accuracy and politeness. We also strive for daily service improvements through surveying our customers on whether our Center's answers have met their expectations.

In addition to linking up with our medical representatives tasked with visiting medical institutions so that patients can be presented with the most helpful information possible, the Center also relays the requests and opinions of customers to relevant internal departments along with its own suggestions. Under its slogan of: "Doing everything to promote appropriate use and improve customer satisfaction" is the Medical Information Service Center contributing towards yet better medical care.

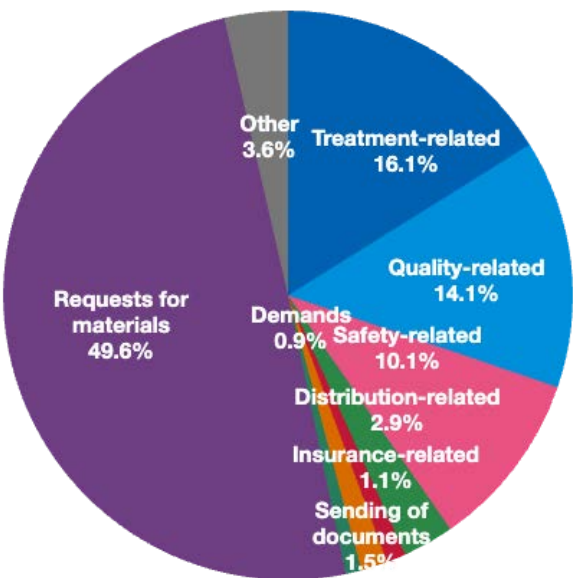


Our Pharmaceutical Products Information Center

Trends in Numbers of External Enquiries



Enquiry Type Breakdown (FY2025)



Information for Patients and their Families

➤ [Patients and the Public \(Japanese\)](#)

Participation in External Initiatives

◆ Japan Pharmaceutical Manufacturers Association (JPMA)

The Nippon Kayaku Group holds membership of the Japan Pharmaceutical Manufacturers Association (JPMA) having agreed to its principles of contributing to the health and healthcare of both the Japanese and the world population through developing innovative and highly useful drugs and supporting the healthy development of the pharmaceuticals industry. As a pharmaceuticals manufacturer, we are contributing to the healthy development of the pharmaceuticals industry through code compliance, increased appropriate use, promotions, clinical evaluations, PMS, quality, involvement in pharmaceutical affairs, and R&D.

Responsible Marketing and Access to Medical Care

Policy and Basic Approach

Responsible Marketing

◆ Nippon Kayaku Code of Practice

The demands placed on pharmaceutical companies include guaranteeing constantly high ethical standards and transparency in the conduct of business; building two-way relationships of trust with external stakeholders such as researchers and medical professionals in the fields of medicine, dentistry and pharmacology, wholesalers and vendors, and patient groups; and working towards delivering optimal medical care through taking decisions ethically and from the standpoint of the patient.

2013 saw the Japan Pharmaceutical Manufacturers Association (hereafter: JPMA) fix its own Code of Practice in line with the aims of the IFPMA Code of Practice, covering all interactions held by member company executives and employees with researchers, medical professionals and patient groups.

As a standard against which to judge whether our own actions comply with the aims of this JPMA Code, we have fixed our [Nippon Kayaku Code of Practice](#). We will duly respect this Code from a high ethical standpoint while promoting our corporate activities, ensuring greater transparency on the dissemination of compliance information and the corporate ethics which form the backbone of our business activities.

◆ Nippon Kayaku Pharmaceuticals Group Promotion Code for Prescription Drugs

We voluntarily observe the Regulations for Enforcement of the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices, Antimonopoly Act and related legislation, Presentation Activity Guidelines on Marketing Information for Prescription Drugs, the JPMA Code of Practice, and the Fair Competition Code for the Manufacture and Sale of Prescription Drugs. We have also fixed our [Nippon Kayaku Pharmaceuticals Group Promotion Code for Prescription Drugs](#) to ensure we present, gather and convey medical information via appropriate processes and in an accurate and prompt manner, and also promote the appropriate use of pharmaceutical drugs.

Nippon Kayaku's Promotion Code has been drawn up as a set of internal company regulations which derive from the JPMA Code of Practice (in turn based on the IFPMA Code of Practice) and the Fair Marketing Activity Guidelines fixed to aid compliance with related laws and regulations.

Our Approach to Improving Access to Drugs

Nippon Kayaku's medical business is aiming to “develop excellent pharmaceuticals and medical devices that provide new diagnostic and treatment opportunities, and stable supply of Biosimilars and generic drugs, contributing to people's health.” Our quest to widen access to pharmaceutical drugs involves the following initiatives:

- Appropriately providing medical institutions with data on product quality, efficacy and safety
- Reducing the drug cost burden on patients and improving access to biopharmaceutical treatments through stably supplying high-quality and economically-efficient drugs
- Promoting appropriate use of generics and biosimilars brought to market through initiatives to eradicate discrepancies with previous products concerning “efficacy and effects” and “uses and dosages”, and using their preparation form to obtain afresh “efficacy and effects” and “uses and dosages.”

System

We have also set up a Medical Information Supervision Department which has gained independence from both our Marketing & Sales and Medical Affairs divisions. This particular department is tasked with integrating all the ethical standards and information presentation guidelines pertinent to the medical work conducted across the entire company and group companies. It also conducts audit coaching, monitoring, and education and training activities related to the presentation of marketing information, so as to enable smoother management and administration overall.

Furthermore, our Marketing & Sales and Medical Affairs divisions and Medical Information Supervision Department are all audited annually by our Audit & Supervisory Board. The latter has been placed under the direct charge of the President, and, in line with internal auditing regulations, accepts no orders or directions from the various bodies it is tasked with auditing. It is therefore free to focus on scrutinizing and evaluating its subjects from the perspectives of legality and rationality, and uses the results to advise and make suggestions on information presentation, relevant improvements and increased rationality.

Code Compliance Committee

Our Medical Division's Code Compliance Committee (hereafter: this committee) has been set up to devise ways of promoting Medical Division compliance, and to establish Nippon Kayaku's internal systems for observing the industry's voluntary standards as laid down in: the Pharmaceuticals and Medical Devices Act; Antimonopoly Act and related regulations; guidelines such as those pertaining to Presentation Activities on Marketing Information for Prescription Drugs; the Fair Competition Code for the Manufacture and Sale of Prescription Drugs; and the JPMA Code of Practice.

In order to promote Medical Division compliance does this committee aim to use the Nippon Kayaku Code of Practice to fix, revise, disseminate and instill knowledge of the necessary internal operating regulations and manuals pertaining to observation of related laws, regulations and voluntary standards during interactions with stakeholders.

In cases where serious code violations occur in matters related to medical laws and regulations, or presentation activities for prescription drug marketing information, this committee will respond to the circumstances, then explore and decide upon recurrence prevention measures. This committee will also fulfil the above functions in cases where a violation of either transparency guidelines or compliance guidelines is confirmed.

Targets and Results

We accept the need to increase compliance consciousness within all directors and employees and prevent inappropriate actions across all business activities, and have set as our target zero compliance violations. We are pleased to report that FY2025 did indeed produce zero violations.

Initiatives

Responsible Marketing Initiatives

◆ Drug Information Presentation Activities and the Ensuring of Transparency

Progress in the fields of medicine, pharmaceuticals and medical technology, and improvements in public health, are built upon our interactions with researchers and medical professionals, and our collaborations with bodies such as patient groups. That being the case, we must fulfil our duty of accountability when it comes to showing that these interactions and collaborations are indeed ethical and sincere. To that end have we fixed our Transparency Guidelines for Corporate Activities and Relations with Medical Institutions, as well as our Transparency Guidelines for Corporate Activities and Relations with Patient Groups. These serve as our own internal guidelines, based on which we upload annual information on corporate activity transparency to our company website.

◆ Activities Related to the Production, Proofing and Presentation of Drug Information Materials

As information materials are an extremely important method of conveying information on the appropriate use of prescription drugs, we must ensure their contents are scientifically-grounded and produced accurately, impartially and objectively. To achieve that end has Nippon Kayaku fixed its material examination procedures based on the Regulations for the Enforcement of the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices (hereafter: the Pharmaceuticals and Medical Devices Act); the Presentation Activity Guidelines on Marketing Information for Prescription Drugs; the JPMA Code of Practice; and the Key Points on the Production of Outline Information on Prescription Drug Products. These are used by our screening committee comprised of various academics, including our internal medical doctors, to appropriately judge our materials. So that our presentations of marketing information do not deviate from the above-mentioned Presentation Activity Guidelines, we have set up an internal monitoring system to audit and offer appropriate guidance.

◆ Offering Continuous Education and Training to Employees

An understanding of the Nippon Kayaku Code of Practice is necessary for us to continue our corporate activities from a high ethical standpoint. We therefore support activities aimed at promoting understanding of the JPMA Code, establishing specific items of focus pertaining to the corporate activities of each division and workplace targeted for optimization, and periodically offering workplace-based education and training to all executives and staff.

In charge of training	Targeted at	Frequency	Covering
Medical Information Supervision Department	Pharmaceuticals Marketing Division	12 times a year	JPMA Code of Practice; Marketing Information Presentation Activity Guidelines; Fair Competition Code
Medical Information Supervision Department	Pharmaceuticals Marketing Division	Once a year	Types of internal company regulations (Self-checks and voluntary inspections)
Medical Information Supervision Department	Pharmaceuticals Group	Once a year	Nippon Kayaku Code of Practice

◆ Handling Activities Outside Japan

In instances where we present information to healthcare professionals overseas, invite Japan-based healthcare professionals to a lecture or conference overseas, or have an overseas subsidiary operating in a given country via a licensing or agency agreement, we continue to respect the Nippon Kayaku Code of Practice and, in addition to local laws and regulations, observe any code that country's pharmaceutical federation may have. In cases where no such code exists, we revert to following the IFPMA Code of Practice.

Environmental and Social Considerations in the Supply Chain

Policy and Basic Approach

To ensure that our purchasing activities conform to sustainable management practices, the Nippon Kayaku Group has fixed its Purchasing Principles and Basic Purchasing Policy. By utilizing these can we join forces with our suppliers to work towards realizing a sustainable society.

Basic Procurement Principles

In order to realize the KAYAKU spirit, Nippon Kayaku Group will pursue mutual and sustainable growth with suppliers based on the understanding they are important suppliers who help us produce products of the best quality. We will strive to conduct procurement transactions that are fair, honest, impartial, and in accordance with relevant laws, social norms, and our Basic Procurement Policies.

Basic Procurement Policies

◆ Compliance with relevant laws, social norms, and the Nippon Kayaku Group Charter of Conduct

1. We will comply with all relevant laws and regulations when conducting procurement operations.
2. We will judge the propriety of procurement activities based on Nippon Kayaku Group Charter of Conduct and the Nippon Kayaku Group Code of Conduct.

◆ Open-door policy, fairness, impartiality, and transparency in business transactions

3. We will conduct procurement-related business transactions in a fair, impartial, and transparent manner, and follow an open-door policy with respect to businesses at home and abroad.
4. In order to ensure transparency in all our procurement activities, we will undertake due procedures based on written documentation or electronic purchasing systems in accordance with the procurement operations standards.

◆ Partnerships with our business partners

5. We will build partnerships with suppliers based on mutual understanding and trust, and pursue mutual sustainable growth.

◆ Protection of information

6. We will protect supplier-related information obtained in the course of our operations, and strive to prevent any information leakage.

◆ Concern for the environment

7. We will promote the procurement of eco-friendly goods and materials.

◆ Basic criteria for selecting suppliers

8. When selecting goods and materials, we will give due consideration to economic factors such as quality, price, and date of delivery. We will also consider other factors such as the supplier's operating foundations, technological competitiveness, and stability of supply.
9. When selecting suppliers, we will give due consideration to their commitment to realization of a sustainable society, including their observance of relevant laws and regulations, respect for human rights, concern for the working environment, disaster preparedness and safety measures, efforts toward environmental conservation, and other efforts designed to fulfill their Sustainable.
10. In addition to the above, we will give due consideration to whether or not the potential supplier has a risk management system such as BCP (Business Continuity Plan).

Policy on Responsible Mineral Procurement

We are deeply concerned that the profits gained from mineral mining or trading in conflict zones and high-risk territories^{*1} (henceforth referred to as “highlighted regions”) can become a sizable source of funding for human rights violations such as conflict, child labor and forced labor, risks such as environmental destruction and corruption, and organizations involved in dishonest practices.

In order for us to establish a Responsible Supply Chain, we are using the RMI’s^{*2} CMRT and EMRT^{*3} in our efforts to procure minerals with no connection to either conflict or inhumane practices. Furthermore, we make zero use of minerals from the highlighted regions (henceforth referred to as “conflict minerals”) nor any materials containing them. In the unlikely event that use of conflict materials comes to light, we respond with immediate corrective measures. We have gained supplier agreement for this particular policy, and request supplier cooperation in ensuring that the raw materials used in Nippon Kayaku products contain no conflict minerals.

^{*1} The EU’s conflict mineral regulations apply to the CAHRAs (Conflict-Affected and High-Risk Areas)
reference list:<https://www.cahraslist.net/cahras> 

^{*2} RMI (Responsible Minerals Initiative) : The international organization taking the lead in responsible mineral procurement initiatives

^{*3} CMRT、EMRT : Business survey forms for reporting places of origin for mineral resources and processing conditions within the supply chain.

Sustainable Procurement Guidelines

The Nippon Kayaku Group perceives Responsible Procurement as a key issue for the entire supply chain. As our suppliers are important partners who support our corporate value creation, we have formulated and expanded Guidelines for them based on our Charter of Conduct and Code of Conduct, Human Rights Policy and Basic Purchasing Policy. These Guidelines clarify what we expect from our suppliers in terms of respect for human rights, environmental considerations and regulatory compliance, and must be observed not only by primary suppliers but across the entire supply chain. Such an initiative has helped reduce risk and increase sustainable purchasing, while feeding in to longer-term corporate value improvements.

➤ [Sustainable Procurement Guidelines](#) 

Animal Welfare

The Nippon Kayaku Group’s Sustainable Procurement Guidelines stipulates that consideration must be shown for animal welfare in such matters as animal testing.

(Sustainable Procurement Guidelines Code of Conduct excerpt) to

1.11 Animal Welfare

We will consider animal welfare and handle animals subjected to testing with care, minimizing any distress and stress caused. We will also respect the 3Rs of Replacement, Reduction and Refinement, and strive to set up appropriate animal tests that show consideration for animal care.

System

Under the direction of the Sustainable Management Meeting, the Nippon Kayaku Group is advancing sustainable procurement activities in line with its Purchasing Philosophy, Basic Purchasing Policy and Responsible Mineral Procurement Policy. Our Corporate Planning Division delivers cross-cutting coordination and management across the entire supply chain, gathering and analyzing information on distribution and materials, and monitoring purchasing situations. We are also promoting autonomous management of raw material purchasing functions by each business department, according to their respective characteristics, as well as procurement activities which make the most of expertise. By enabling maximization of expertise and improved work efficiency, our system strengthens coordination and efficiency from an overall optimization perspective.

Targets and Results

Indicators and targets

Indicator	FY2028 Target	FY2035 Target	Scope
Sustainability Survey Response Rate	90% or higher	90% or higher	Consolidated
Establishment of a Supplier Human Rights Due Diligence Framework	Establish a risk assessment and management framework	Risks identified and addressed through a Human Rights Due Diligence System across all domestic and overseas sites.	Consolidated
Procurement Rate of Raw Materials Sourced with Environmental and Human Rights Considerations	Establish a risk assessment and management framework	100%	Consolidated
Monitoring of Supplier Occupational Accidents and Safety Training	Establish a risk assessment and management framework	0 occupational accidents 100% safety training implementation rate	Consolidated
Tier 1 Supplier Safety Training Completion Rate	Establish a risk assessment and management framework	100%	Consolidated

➤ [FY2025 Sustainability Targets and Results](#)

Initiatives

With consideration given to respect for human rights, environmental conservation, worker safety and health, legal compliance, and fair trading, we are teaming up with our suppliers to promote sustainable procurement across the entire supply chain, spanning R&D, raw material procurement, manufacturing, selling and distribution.

Initiatives Chart

Principal Activities	Activity Details	Assessment Frequency
Sustainable Procurement Survey	Sending Sustainable Procurement Questionnaires to our main domestic suppliers so as to confirm the status of Nippon Kayaku Group Sustainable Procurement Guideline initiatives	Whenever a new supplier registers Also set up according to need
Supplier Audit	Conducting paper or field audits of supplier manufacturing bases (quality-centered supplier audits)	Yearly
BCP Procurement	- Working towards gathering information on supply chain hazards and accidents, and sharing such information on internal company databases - Strengthening moves towards multiple procurement	- As appropriate, whenever hazards or accidents occur - Quarterly status confirmations
Responsible Mineral Procurement	Conducting surveys on applicable minerals (gold, tantalum, tungsten, tin, cobalt, natural mica, copper, natural graphite, lithium, nickel) using CMRT and EMRT provided by RMI	Whenever a new supplier registers Also set up according to need
Financial Evaluation	Assessing new suppliers' finances based on information provided by external credit agencies	Whenever a new supplier registers

Risk Evaluation

◆ Conducting Sustainable Procurement Surveys

Nippon Kayaku has conducted a Sustainable Procurement Survey on its suppliers in order to confirm the status of environmental and social initiatives. FY2025 saw us conduct a Sustainable Procurement Survey on our 21 new suppliers for that financial year in line with the contents of our Sustainable Procurement Guidebook. Agreement was obtained from 20 companies (95%). The survey also enabled us to confirm that 21 company respondents (100%) were not causing negative environmental or social impacts with respect to human rights and worker safety and health. The future will see us continue our joint efforts with suppliers to aim for a sustainable society across the entire supply chain.

Numbers of Evaluated Suppliers, Response Rates and Consent Rates for FY2025

	Number of Suppliers	Response Rate	Consenting Rate
FY 2025	21 companies	100%	95%

Main Items on the Sustainable Procurement Survey

Assessment Points	Details
Human Rights & Labor	Banning of forced labor and child labor, appropriate management of working hours, appropriate payment of wages, humane treatment of employees, eradication of discrimination and harassment, freedom of association
Safety and Health	Workplace safety, emergency preparedness, prevention of industrial hazards and sicknesses, industrial hygiene, due consideration given to physically-challenging labor, machine safety measures, provision of sanitation facilities/ food/dwellings, health and safety communication
Environment	Environmental permissions and reports, efficient use of resources and waste management, anti-pollution and resource reduction, management of hazardous materials, solid waste management and reduction, exhaust gas pre-processing, restrictions on materials, water management, reduced energy consumption and greenhouse gas emissions, biodiversity conservation
Ethics	Business integrity, eradication of unjustifiable profits, appropriate information disclosure, respect for intellectual property rights, fair business/fair advertising/fair competition, ID protection and prevention of retaliation, responsible mineral procurement, animal welfare, privacy protection
Management System	Corporate commitments, managerial accountability and responsibility, legal and customer requirements, appropriate import and export management, risk evaluation and management, improvement objectives, training, communication, worker feedback/participation/complaints responses, audits and assessments, processes for corrective measures, creation and maintenance of a documenting and registration system, supplier responsibility
Product Quality and Safety	Guaranteeing product safety, product quality management, provision of accurate product and service information
Information Security	Defense against cyberattacks, protection of personal information, prevention of confidential information leaks
BCP	Fixing a Business Continuity Plan

Audits of our Suppliers

The Nippon Kayaku Group conducts annual audits of suppliers with the aim of promoting and properly achieving sustainable procurement. These audits see the manager of every Nippon Kayaku plant check and assess their suppliers against various management criteria with respect to plant facilities, processes, health and safety, production and more. FY2025 saw us conduct audits upon 74 of our suppliers. Although confirmation of audit results for the 70 responding suppliers led to certain requests for feedback and improvements, no serious violations were noted.

Our Fine Chemicals Business Unit is referring to the RBA Code of Conduct when confirming the status of supplier initiatives in the five key areas of: Labor (Human Rights), Safety & Health, Environment, Ethics and Management Systems. FY2025 saw 52 supplier companies undergo such an audit (13 onsite, 39 via document submission).

Purchasing Division Members Education

Nippon Kayaku provides all members newly transferred to the Purchasing Division with induction training designed to give them a sufficient grounding in our Purchasing Principles, Basic Purchasing Policy, Responsible Mineral Procurement Policy, and Sustainable Procurement Guidelines. Furthermore, in order to guarantee robust supply chain management are we ploughing efforts into education and training sessions for Purchasing Division Members themed around Sustainable Procurement and Responsible Mineral Procurement. We are also promoting further knowledge-acquisition efforts from purchasing managers by buying them procurement qualification textbooks and supporting their efforts to study for CPP (Certified Procurement Professional) or CPSM (Certified Professional in Supply Management).

Supplier Communication and Training

We use briefing sessions, everyday communication and regular business conversations to enhance supplier understanding of our sustainable procurement drives, and periodically ask suppliers to sign pledges to comply with the terms and conditions of our Sustainable Procurement Guidelines. FY2024 has seen us issue every new supplier (raw materials manufacturer) with a copy of our Sustainable Procurement Guidelines, along with a relevant survey, whose results we have now collated in order to confirm the situation on the ground. From now on, we will continue working towards achieving a sustainable society with a supply chain that fulfils its social responsibilities, and towards becoming a familiar, much-loved presence in the eyes of our customers.

◆ Purchasing Briefing Sessions

Our Safety Systems Group holds a Purchasing Briefing Session for suppliers on an annual basis, the latest of which was joined by some 60 companies. Within the automotive industry supply chain, Nippon Kayaku must, in tandem with its suppliers, rapidly respond to an external environment filled with dizzying changes in domestic and international affairs, and exchange rate fluctuations, all while ensuring that customers suffer no delays and that high-quality low-cost products continue to be supplied. Our Purchasing Briefing Sessions see us cover the Group's expected results, the business plan for the next financial year, production system status, development plans, medium-to-long-term visions, product quality policies and purchasing policies, with the aim of providing information which suppliers can feed into their own business plans. These sessions also allow us to hand out Outstanding Partner Company Awards to suppliers who are model examples in quality, cost and respecting of deadlines.

We will work to ensure that future briefing sessions continue to serve as valuable information-sharing outlets for our Group and its suppliers, and that beneficial information continues to be presented.



Business Continuity Planning (BCP): Procurement Initiatives

Nippon Kayaku regularly works to gather information on supply chain hazards and accidents, and immediately share such information through internal company databases. It also seeks to promptly pick up the charts of the raw materials procured from the relevant country of origin or manufacturer, and thereby confirm the impact on stocks, procurement, factory operation restarts and manufacturing. Although one BCP measure has seen us switch to purchasing many items from multiple suppliers, we still need to strengthen initiatives in order to respond to all manner of situations.

Participation in Initiatives

◆ UN Global Compact: Supply Chain Subcommittee

Since 2022, the Nippon Kayaku Group has sat on the Supply Chain Subcommittee of the UN Global Compact. The knowledge and information gained from such meetings has been shared with our internal purchasing managers and used to update the survey questions we ask of suppliers.

◆ Partnership-building Declaration

Nippon Kayaku has signed up to the Paving Our Future Partnership-Building Promotion Meeting, which counts among its members: the Chair of the Japan Federation of Economic Organizations, the Head of the Japan Chamber of Commerce and Industry, the Chair of the Pension Fund Association, and related ministers from the Cabinet Office, the Ministry of Economy, Trade and Industry, the Ministry of Labor, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Land, Infrastructure, Transport and Tourism. We announced our own Partnership Building Declaration in 2023 and updated it in 2026.

This Declaration constitutes a vow to build fresh partnerships through links and prosperous coexistence with all suppliers and value-creation-seeking businesspersons within our supply chain. Participation in this Declaration will help us build the sustainable relations which allow us to prosperously coexist with suppliers.



➤ [The Nippon Kayaku Partnership-building Declaration \(Japanese\)](#) 

Compliance Hotline for Suppliers

The Nippon Kayaku Group has also set up a Compliance Hotline for Suppliers for the reporting of law violations, available to every executive and employee working for our Group's domestic suppliers. The Ethics Committee Staff Office (specifically, the Person in-charge of the Internal Control Management Division) serves as the reception desk for whistleblower reports and consultations. The system guarantees both confidentiality and anonymity, meaning that no report or consultation will result in blowback against the whistleblower.

➤ [Compliance Hotline for Suppliers](#)

Contributing to Local Communities

Policy and Basic Approach

With business sites positioned all over the world, the Nippon Kayaku Group plays an active role as a member of multiple local communities. As a good citizen-company wherever we are, we aim to coexist with surrounding regions by effectively utilizing our resources and valuing communication with local people. We also leverage our technologies and products in social contribution activities such as Next-Generation Development Support and Disaster Recovery Support, thereby contributing to the healthy and sustainable development of local communities.

Commitment to Local Employment

Wherever we are, we recognize the local community as one of our key stakeholders, not only through CSR, but through employing local people and actively exchanging information with local authorities. This underscores our belief in helping achieve sustainable development through healthy local communities. Both domestically and globally, we are proactive in our local recruitment wherever we set up base, making sure to follow relevant local laws and exceed the local minimum wage.

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Fires, Explosions, External Chemical Releases	0 cases	0 cases	Consolidated
Implementation of dialogue activities at all manufacturing sites	Once or more per year	Once or more per year	Consolidated

Initiatives

Creating a Society Where People Can Lead Healthy and Affluent Lives

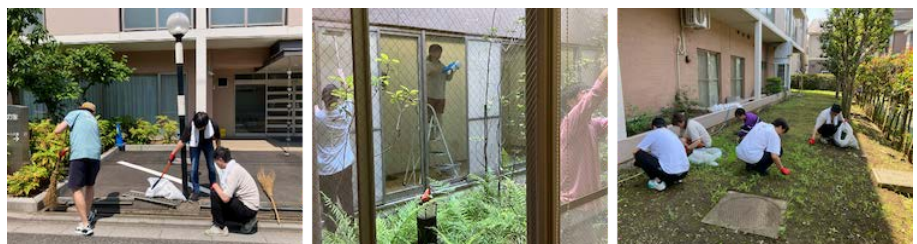
◆ Asunaro House: A facility for terminally-ill children and their families

Under the motto of “Helping Seriously ill Children and their Families,” 1998 saw Nippon Kayaku mark the 80th anniversary of its foundation with the opening of Asunaro House, an accommodation facility for children undergoing hospital treatment and the family members who accompany them. The facility, which we operate ourselves, lies close to the Saitama Shintoshin area. Asunaro House aims to be a reassuring place to stay for children undergoing either outpatient or inpatient treatment for cancer and other incurable diseases, and their accompanying family members. FY2025 saw the facility welcome 3,730 people from 250 families.

With its ten private rooms of around 18m² which can accommodate two parents and their child, spacious dining area and kitchen, playroom and laundry, Asunaro House has all the facilities required for long stays, and can comfortably be used as a “Home from Home.” The Spring of 2026 saw the dining room, playroom and several living units undergo renovations, with many guests delighted with how much brighter everything seemed.

To further enhance the pleasant guest experience, Nippon Kayaku and related companies periodically send volunteers from among current and retired staff to clean the premises and cut the grass.

While protecting the privacy of guests, we are working to make Asunaro a place where families can interact, and which helps even a little with alleviating the mental and financial burdens of sick children and their families.



Our volunteer army of staff and ex-staff gets to work on cleaning and hedge-trimming

Message

Since its inception 25 years ago, Asunaro House has welcomed some 81,360 people from 4,557 families. With Saitama Prefectural Children's Medical Center, Saitama City Hospital, and the Yamato Acupuncture Clinic among the several neighborhood institutions pouring their utmost into child medical care, we are seeing an increase in families coming from all over Japan to have their children receive yet more specialist and high-level treatment.

The impact of coronavirus sadly saw user numbers drop for a period, but demand has increased once again of late. We will therefore continue our infection control measures going forward and welcome yet higher numbers of guests.

Since my installation as house manager in 2017, we have been able to make Asunaro House feel more like home for its users by putting up a few seasonal decorations, and through the introduction of many new initiatives born from proactive information-sharing with similar facilities across the land.

From now on we will strive each and every day to provide seriously ill children and their families with a safer, more reassuring and more pleasant experience, and make Asunaro House their "home from home."

We will continue to cherish the words of gratitude we receive from children and their families as they return home after treatment.

Mr Yamaji, House Manager



◆ Promotion of Sport

Nippon Kayaku provides support to sports and also sets up internal healthy-living initiatives.

V League: Wolfdogs Nagoya (Gold Partner)

Volleyball is a sport in which the ball connects people. We therefore approve of and support the activities of Wolfdogs Nagoya which center upon the principle of bringing people together.

➤ [Wolfdogs Nagoya Official Site \(Japanese\)](#)



Business Site Initiatives

Headquarters

Recognition as a Tokyo Sports Promotion Company for 2025

Tokyo Metropolitan Government's Bureau of Citizens, Culture and Sports recognized Nippon Kayaku as a "Tokyo Sports Promotion Company for 2025." This award system allows the Tokyo Government to recognize companies that set up outstanding initiatives to promote sport among employees and conduct sports-based CSR activities. Going forward, Nippon Kayaku will continually set up healthy-living initiatives and proactively work on promoting health improvements to employees.

➤ [Tokyo Sports Promotion Company Accreditation System](#)



Next-generation Development Support

◆ Next-generation Development Initiatives

We are currently engaged in next-generation development support initiatives which aim to make the children who will lead our future understand the fun of science.

Next-generation Development Initiatives at Our Sites

Site	Target Participants	Program / Activities
Head Office	Junior high school students	Support for the integrated studies program, “Learning About the Local Community”
Research Laboratory	Elementary school students	Exhibition Booth at the “Summer Holiday Science Experiments for Kids 2025” organized by the Dream Chemistry-21 Committee
Safety Head Office Plant (Himeji)	Elementary school students	Factory tours as part of the “Town Exploration” program
Joetsu Plant	Elementary school students	Exhibition booths at the “Science Festival for Youth” and “Science Fest”
Fukuyama Plant	High school students	Workplace tours for prospective applicants
	Preschoolers to elementary school students	Exhibition booth at the “Children's Science Experiment Show” during the Shining Festival
Asa Plant	High school students	Workplace tours for prospective applicants
Tokyo Plant	Elementary school students	Hosting the “Children's Science Workshop” at the Satsuki Festival
Takasaki Plant	Junior high school students	Work experience program
	High school and university students	Internship program
	Nursing students	Practical training program
Kashima Plant	High school students	Workplace visit program
Tokyo Research Office	Junior high school students	Work experience program
	Elementary, junior high, and high school students	Donation of goods to Kita Ward after-school children's clubs by cafeteria users

Initiatives in the Local Community

Through plant open days, education activities, donations and co-sponsorships, blood donations, cleaning activities and informal get-togethers, the Nippon Kayaku Group is working to give everyone in the immediate local community an insight into what our business is about. The future will see us continue to set up these opportunities to interact and actively communicate with local people as we work on local community regeneration and development.

➤ [Principal Agreements Nippon Kayaku has Signed with Local Communities](#)

◆ Community Contribution Initiatives by Our Sites

Site	Target Participants	Activities
Safety Head Office Plant (Himeji)	Local community residents and employees	Participation in the Autumn Festival
	Employees	Community beautification activities around the plant
	Local community residents	Hosting a Summer Fireworks Festival
Joetsu Plant	Local community residents and employees	Hosting the Nippon Kayaku Joetsu Plant Cup Joetsu District Table Tennis Championship
Fukuyama Plant	Local community residents and employees	Simultaneous clean-up activities inside and outside the plant (community beautification activities)
		Hosting the Shining Festival
	Local community residents	Sponsorship of Fukuyama Summer Festival 2025
		Sponsorship of local school district events (summer festivals, etc.)
		Sponsorship of the Fukuyama Marathon
Asa Plant	Local community residents	Hosting the Hope Fireworks Festival
		Sponsorship of the Asa Friendship Summer Festival and other community events
		Sponsorship of the Celebration Dream Fireworks Festival
Tokyo Plant	Local community residents	Hosting the Satsuki Festival
	Employees	Community beautification activities around the plant
	Employees and local disability support facilities	On-site sales of bread produced by local disability support facilities
Takasaki Plant	Local community residents	Hosting the Friendship Festival
		Exhibition booth at the Takasaki Industrial Festival
Kashima Plant	Local community residents	Exhibition booth at the Kamisu Festa & Consumer Lifestyle Exhibition
Tokyo Research Office	Local community residents	Hosting the Autumn Festival

Kayaku Safety Systems Europe Charity Activities

In June 2025, Kayaku Safety Systems Europe a. s. (hereafter: KSE) financially supported Children's Day with Hockeyball. This event encouraged children to play with a hockey stick under the supervision of experienced coaches, as well as to participate in many games and sporting activities off the field; it was organized by the Vsetín Hockeyball Club (HBK Vsetin). This is another step in the long-time cooperation between Kayaku and the hockeyball club. HBK Vsetin has continued its tradition and has grown significantly in the last few years. It is becoming increasingly attractive, especially for young players. Some have this sport as an alternative to classic ice hockey; others prefer playing with a hockey stick on a hard surface. The club has high-quality equipment, also thanks to the support of KSE. The players participate in various competitions and tournaments; players from the youngest age group became champions of North Moravia (regional competition) in 2025. We at KSE are very happy that children in Vsetin, and the surrounding area, are interested in sports and exercise. Thanks to this, they build regular training habits and learn to work together as a team.



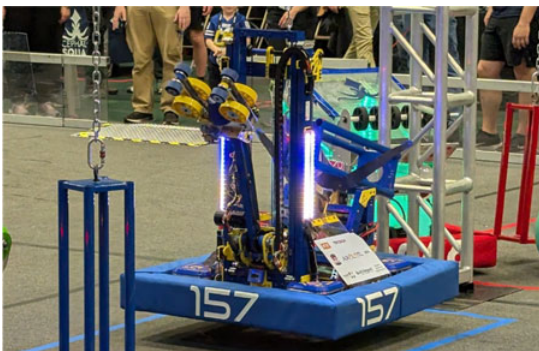
Kayaku Advanced Materials Charity Activities

Kayaku Advanced Materials (hereafter: KAM) has been a proud sponsor of the Aztechs FIRST Robotics Team since 2018. The Aztechs participate in the FIRST® program, which was founded in 1989 to spark the interest of youths in science and technology, now commonly referred to as STEM.

While the students learn and practice many STEM skills to build the robot, they also live by the ethos 'MoreThanRobots' which emphasizes building their confidence, creating lifelong friendships, mentorship and sense of purpose that extends beyond robotics.

KAMs' Demand Manager, Heather Martel, has been a mentor on the Aztechs Robotics Team since 2017. As the Team Logistics Coordinator and Business and Marketing mentor, she uses skills she has developed throughout her career to manage the team's logistics, scheduling, financial, fundraising, and marketing activities, and shares those skills with students. She also helps them develop "soft" skills necessary to navigate professional environments and adulthood in the future.

The Aztechs recently brought their 2025 robot, Axolotl, to Kayaku Advanced Materials where they demonstrated its functions, talked about the robotics program and its impact upon them, and answered many questions from interested Kayaku AM employees.



Related Data

> [ESG Aggregated Data\(Social Action Programs\)](#)

Corporate Governance

Policy and Basic Approach

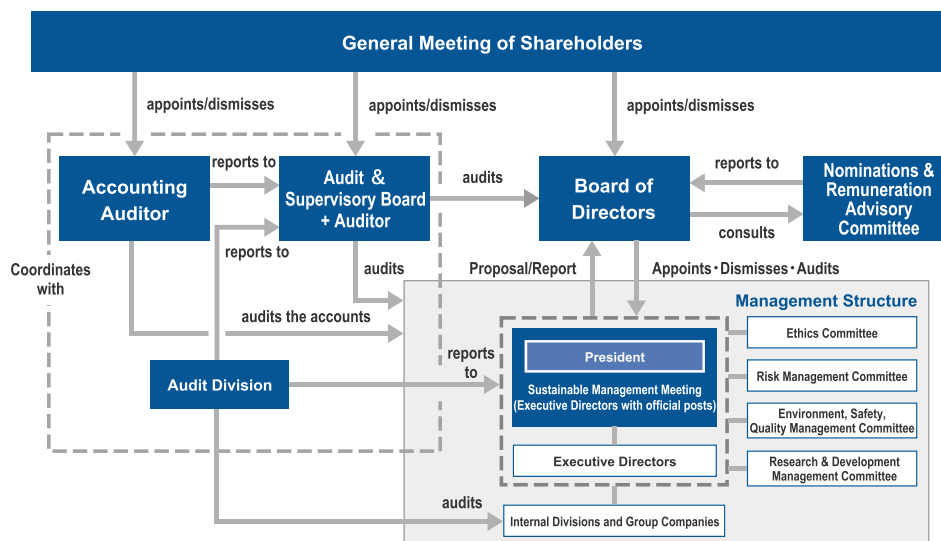
The Nippon Kayaku Group recognizes that delivering its corporate vision under the KAYAKU spirit requires focus on two important issues: timely and impartial information disclosure to all shareholders and investors, and guaranteed transparent management based on strengthened checking functions. Having judged that management functions can be most effectively demonstrated through decision-making via a Board of Director council system, and corporate governance via an Audit & Supervisory Board system, we will continue to tackle the expansion and reinforcement of corporate governance as a key managerial issue.

- > [Corporate Governance Basic Policy](#) 
- > [Corporate Governance Report](#) 
- > [Independent Directors/Auditors Notification Form](#) 

Targets and Results

- > [Board of Directors Effectiveness Evaluation](#)
- > [FY2025 Sustainability Targets and Results](#)

Corporate Governance System



Business Execution System

Nippon Kayaku is a company which has adopted an Audit & Supervisory Board System. Furthermore, in order to rapidly respond to changes in the business environment and achieve flexible business execution, we have introduced an Executive Director System to clarify the separate managerial roles of “decision-making and supervisory functions” and “business execution functions.” By strengthening each of these functions are we carrying our appropriate decision-making and rapid execution of business.

◆ Executive Directors Meeting

This meeting is chaired by the company president, and is composed of the (up to 30) Executive Directors in charge of operational execution who are appointed by the Board. The meeting sees Executive Directors report on the status of operational execution entrusted to them by the Board and company president, as well as on other necessary items. These meetings are additionally attended, in an observer capacity, by four (4) Outside Directors and five (5) Audit & Supervisory Board Members.

Breakdown of the 18 Executive Directors (as of June 26, 2026)

Male	Female	Total
17	1	18

◆ Sustainable Management Meeting

➤ [Sustainability Promotion System](#)

◆ List of Committees

- [Ethics Committee](#)
- [Risk Management Committee](#)
- [Environment, Safety and Quality Management Committee](#)
- [Research & Development Management Committee](#)

Number of Meetings Held by Each Committee

➤ [Number of Meetings Held by Each Committee](#)

Governance System Chart

Overall system format	A company with a Board of Directors and Auditors (Audit & Supervisory Board)
Number of Board Members (Inside and Outside)	9 (4 of whom are Outside) *1 female Outside Director
Number of Auditors (Inside and Outside)	5 (3 of whom are Outside) *1 female Outside Auditor
Chairman of the Board	Chairman*
Board Member terms	1 year
Executive Director System in place?	Yes
Advisory Committee on Board Member appointments	Nomination & Remuneration Advisory Committee
Accounting Auditor	Ernst & Young ShinNihon LLC

* If the Chairman of the Board is absent, the meeting will be chaired according to board member seniority rankings determined beforehand.

➤ [Skills Matrix](#)

Strengthening Corporate Governance: A History

Year	Main Initiatives
2001	1 non-Japanese Board Member appointed (Until Aug 2003)
2005	Executive Director System introduced following business integration reforms
	Director Retirement Bonus System abolished
	Performance-related Pay System introduced for Directors
2013	1 Outside Director appointed
2016	2 Outside Directors appointed
2017	Board of Directors' Effectiveness Evaluation Conducted
2020	Nominations & Remuneration Advisory Committee established
	1/3 of the Board of Directors comprised of Outside Directors (3 Outside Directors appointed)
	Corporate Governance Basic Policy established
2021	Director Remuneration System altered
	Director-centered Restricted Stock Remuneration System introduced
	1 female Audit & Supervisory Board Member appointed
2023	1 female Executive Director appointed
	4 Outside Directors and 1 female Outside Director
	1 Standing female Audit & Supervisory Board Member appointed
	Introduction of a Restricted Stock Incentive System for employee shareholders
2024	Audit & Supervisory Board' Effectiveness Evaluation Conducted
	1 female Executive Director appointed (2 female Executive Directors in total)
2025	1 female Senior Director appointed
2026	1 female Outside Audit & Supervisory Board Member appointed

Board of Directors

To ensure rapid implementation of management decision-making, we have set the maximum number of Directors at 10, and are working to further strengthen our supervisory functions so that all decisions regarding important operational issues are made based on the rules and policies of the Board of Directors, in accordance with the law and the Articles of Incorporation.

We shall recognize that ensuring diversity of Board of Directors and obtaining a broad range of opinions on management will result in stronger supervisory and decision-making functions for Board of Directors. In our process for selecting Directors, we shall elect based on the company's policy of selecting candidates without regard to gender, nationality, career and age.

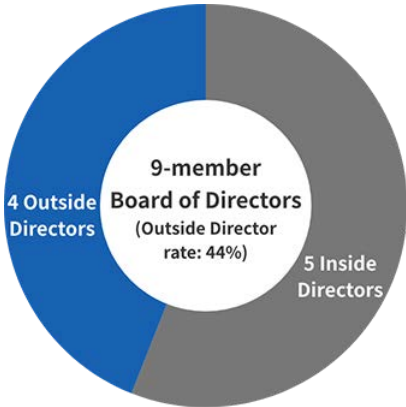
However, Independent Outside Directors shall be elected with management experience at other companies, and Audit & Supervisory Board members shall be elected with sufficient expertise of finance and accounting.

Board of Directors Outline (15 meetings in FY2025)

Meeting Chair	The President	
Number of Board Members	9	Outside Directors now comprise over 1/3 of the Board of Directors.
Meeting frequency	In principle, once a month	We also convene ad hoc Board of Directors meetings according to need.
Term of Board Members	1 year	We limit terms to 1 year in order to clarify the management responsibilities and roles of each Board Member.

Board Member breakdown (As of 2026-06-26)

	Males	Females	Total
Inside	5	0	5
Outside	3	1	4
Total	8	1	9



Top Matters Discussed by the Board in FY2025

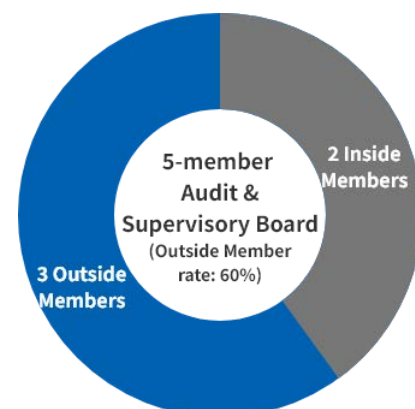
Top matters discussed	Top matters decided and reports discussed
Management Strategy	- The approach to formulating the Long-term Management Plan to commence in FY2026, aimed at raising corporate value - Human resource strategies and key initiatives aimed at delivering on the Long-term Management Plan - The basic strategy and key initiatives for Phase 1 of the Long-term Management Plan
Sustainability	- Results and future roadmap climate-change-related initiatives, including those in response to TCFD recommendations - Issues relating to systematic organization of human capital disclosures and further expansions
Corporate Governance	- The formulation of an Action Plan to enhance effectiveness based on the results of the Board of Directors Effectiveness Evaluation - The delegation of some execution authority to the Sustainable Management Meeting so as to improve Board effectiveness - The report on matters discussed by the Nominations & Remuneration Advisory Committee - Cybersecurity and human capital risks, and the strengthening of our risk management and compliance framework
Business Activities	- Analysis of, and forecasts for, the financial impact of US tariff policies - Advancement of our Pharmaceutical Business Growth Strategy (establishment of joint-venture companies, drug development process optimization) - The launch status of our new business site in India, and exploration of future business opportunities
Stakeholder engagement	Recognition of issues highlighted in dialogue with investors, and incorporation of those issues into management initiatives

Audit & Supervisory Board

Our Audit & Supervisory Board consists of five members, three of whom are outside and two of whom are full-time inside, with one of the latter serving as chair. In line with the audit policies, methods, plans, and division of roles determined by this board at the start of every new period does each member join key meetings, including those of the Board of Directors, review important documents, and, through assessing business execution conditions, audit and supervise the performance of Director duties from an independent standpoint. The two full-time members join management meetings and other such meetings of importance, and audit the overall management situation, Board Member performance and Executive Director performance, through conducting site visits, hearings, and reviews of meeting minutes and other key documents for all main divisions, workplaces and group subsidiaries. The non-full-time members sit in on Audit & Supervisory Board meetings to receive the aforementioned audit status reports, accompany full-time members on site visits, and participate, as appropriate, in information-exchange sessions with the Audit Team of the Inside Audit Division and the Inside Control Management Division (in charge of compliance and risk management). In such meetings will these members offer advice and voice necessary opinions.

Audit & Supervisory Board Member breakdown (As of 2026-06-26)

Inside (Full-time)	2
Outside	3



Nominations & Remuneration Advisory Committee

The Nominations & Remuneration Advisory Committee is comprised of at least three Directors (the majority being those who are independent and from outside of the company) selected by the Board. The aim is to further enhance corporate governance by enhancing the fairness, transparency and objectivity of the procedures relating to the nomination and remuneration of Directors. This committee deliberates the selection, dismissal and remuneration (e.g. remuneration structure) of Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors, and other matters deemed necessary by the Board in response to Board inquiries. Committee findings are reported to the Board.

Nominations & Remuneration Advisory Committee Outline (5 meetings in FY2025)

Committee Chair	The President	Committee chairman selected based on a vote of the Board of Directors
Number of members	6	4 Outside Directors, 2 Inside Directors

Top Matters Discussed by the Nominations & Remuneration Advisory Committee in FY2025

Key Matters Discussed	Key Decisions and Reports
Nominations (executive personnel and human resources strategy)	- Reassessment of the skills matrix ahead of the introduction of the new executive structure - Revisions to the managerial appointments system aimed at fostering a culture of embracing challenge - Changes in executive and departmental chief personnel to take effect on Apr 1st 2026
Remuneration (remuneration system and incentives)	- Decisions on director and executive bonuses based on business results for FY2024 - Operation of the restricted stock incentive system for the management class - Verifying the appropriateness of the executive remuneration system based on the Remuneration Benchmark Survey - Utilization of non-financial (ESG) indicators for executive performance-related pay
Others	- Exploring institutional reforms to strengthen the corporate governance (transitioning to a committee-based governance structure) - Exploring types of human capital information (strategy, KPIs) to be disclosed in the Annual Securities Report - Sharing feedback obtained from investor dialogue and organizing response measures

Accounting Firm

For our financial audits, we have an auditing contract with Ernst & Young ShinNihon LLC. EY conducts accounting audits based on the Companies Act and the Financial Instruments and Exchange Act, as well as internal control report audits.

Board of Directors Effectiveness Evaluation

Our improvement cycle involves conducting an annual Board of Directors Effectiveness Evaluation to grasp the current state of affairs, extract key issues, and devise a relevant Action Plan.

Board of Directors Effectiveness Evaluation



Given to	All board members and auditors
Answered	Anonymously
Evaluation Items	● Board structure ● Board functions ● Board meetings ● Conversations with shareholders ● Presentation of information to outside board members & auditors ● Honest opinions on the Board

*Questions take the form of 1-5 evaluation, essay-style and open-answer

Status of Initiatives on Issues extracted from the FY2024 Effectiveness Evaluation

	Issues arising from the FY2024 Effectiveness Evaluation	Initiatives implemented in FY2025
1	Further enhancement of discussions and oversight regarding human capital management initiatives, including the development of a diverse pipeline of core personnel.	The Nominations & Remuneration Advisory Committee discussed initiatives related to human capital management and related disclosure content, and reported on its discussions to the Board of Directors. In addition, the details of these initiatives were disclosed in the Annual Securities Report, on our company website, in the Corporate Governance Report, and in Integrated Report 2025, respectively. Furthermore, at a special meeting of the Board of Directors held in November 2025, the Board discussed the basic policy on human capital and other matters aimed at realizing our desired state in 2035.
2	Strengthening oversight of cybersecurity measures.	The current status of cybersecurity measures and incidents that occurred were reported to the Board of Directors every six months, and the Board discussed the content of those reports.
3	Ongoing discussions and enhanced oversight on management strategies, the company's future vision, and initiatives focused on improving the price-to-book ratio (PBR).	The Board of Directors discussed the formulation of the next management plan as appropriate, and the current analysis, basic policy and other matters based on those discussions were compiled into the "New Long-term Management Plan Formulation Policy" which was approved by resolution of the Board of Directors and disclosed at the financial results briefing for the second quarter of the fiscal year ending March 31, 2026. In addition, measures focused on improving the price-to-book ratio (PBR), which had continued to be identified as an issue from the previous fiscal year, were discussed as one of the points at issue in formulating the next management plan.



Evaluation Results, Future Issues and Action Plan

The Board's analysis and evaluation of survey results revealed relative improvements in survey scores stemming from the various improvements achieved through our action plans.

Overall, the analysis confirmed that our Board of Directors is effectively fulfilling its roles and responsibilities. However, from the perspective of further enhancing the effectiveness of the Board of Directors, the following issues have been identified:

	Future issues	Action Plan
1	Enhancement of discussions regarding the succession plan	The Board of Directors and the Nomination and Compensation Advisory Committee will discuss the disclosure of the succession plan for the President, as well as whether succession plans for Directors other than the President are necessary and, if so, their details.
2	Enhancement of discussions regarding the use of generative AI and its risks	The Directors in charge of operations related to generative AI will report to the Board of Directors on the status of the use of generative AI and the risks anticipated, and the Board of Directors will discuss the content of such report.
3	Review of the criteria for matters to be submitted in order to secure time for discussions on important matters	After organizing the basic approach to the criteria for matters to be submitted for resolution by the Board of Directors, the Company will optimize the number of agenda items through a review of the Board of Directors Regulations and develop an environment in which sufficient deliberation time can be secured for matters of high importance.

The following issues were identified, and at the Board of Directors meeting in March 2026, an action plan to be addressed by the Board of Directors in FY 2026 was formulated and has been steadily implemented since April of the same year. We will make continued efforts to improve Board effectiveness going forward.

Outside Directors Discussion Forum 

Director Remuneration

The 149th Ordinary General Meeting of Shareholders on August 30th 2006 saw Nippon Kayaku determine annual upper limits of director (board member) remuneration at 360 million yen for fixed remuneration and 200 million yen for bonuses. As of the end of that AGM, the Board was comprised of eight members, with zero Outside Directors. The 164th Ordinary AGM of June 25th 2021, meanwhile, saw a 100-million- yen annual limit voted through on Restricted Stock Transfer Monetary Remuneration, applying to the relevant directors and running separately to existing director remuneration arrangements. As of the end of that AGM, the Board was comprised of 9 members, of which three were Outside Directors.

The 149th Ordinary AGM also set annual limits on Audit & Supervisory Board Member remuneration at 90 million yen. There were five Audit & Supervisory Board Members as of the end of that meeting.

To ensure the appropriateness of matters discussed and transparency in the decision-making process, the Nominations & Remuneration Advisory Committee - the majority of whose members is comprised of independent Outside Directors - deliberates matters relating to Director remuneration in response to inquiries from the Board of Directors, and reports back to the Board. Such a process enabled the Board Meeting of June 25, 2021 to finalize Nippon Kayaku's policy regarding the individual Director remuneration.

With a view to achieving our KAYAKU spirit corporate vision, in addition to sufficiently functioning as an incentive to sustainably improve corporate value and share that value with shareholders, Director remuneration shall also be structured at a competitive level to help us secure excellent personnel.

Specifically, Director remuneration pertaining to the execution of business activities shall consist of basic remuneration and incentive remuneration (performance-linked bonuses and stock remuneration). The remuneration of Outside Directors, with their standpoints independent from business execution, shall be limited to basic remuneration in view of their responsibility.

The amount of basic remuneration for Directors involved in executing business activities shall be determined based on whether or not they hold representative authority, their assigned duties, and other factors, and shall be paid as monthly monetary remuneration.

Executive Remuneration Mix

▶ Member of the Board President Representative Director	Base Remuneration 57%		Short-Term Performance-Linked Remuneration 30%	Medium-Term Performance-Linked Stock Remuneration 13%
▶ Executive Director	Base Remuneration 64%		Short-Term Performance-Linked Remuneration 25%	Medium-Term Performance-Linked Stock Remuneration 11%
	Base Remuneration	Short-Term Performance-Linked Remuneration		Medium-Term Performance-Linked Stock Remuneration
Objective	Compensation for executive duties and responsibilities	Short-Term Incentive		Medium- to Long-Term Incentive
		Linked to Performance for the Fiscal Year		
Form of Payment	Cash	Cash		Stock
▶ Outside Director	Base Remuneration 100%			

◆ Remuneration Structure

The ratio of remuneration by type for Directors involved in executing business shall be roughly 60% for basic remuneration and 40% for incentive remuneration, and shall be determined based on the Director's position, responsibilities and other factors.

Regarding decisions on the content of individual remuneration for Directors, the Nominations & Remuneration Advisory Committee will consider a draft from various perspectives, such as consistency with overall policy direction, and report back to the Board.

The Board then deliberates the Committee's report and decides the content of individual Director remuneration. Audit & Supervisory Board Member remuneration shall be limited to fixed remuneration in view of their responsibility to monitor the execution Director duties, with the amount to be determined through discussions with those Members within the yearly remuneration limit range.

◆ Performance-related Remuneration

The performance-linked bonuses of individual Directors involved in executing business activities shall be calculated based on the achievement rate and rate of change against the targets for consolidated net sales and consolidated operating profit set forth in the annual business plan and the target value for return on equity (ROE) set forth in the Mid-term Management Plan, while also taking into account the business results of the departments for which they are responsible and the degree of achievement of mid- to long-term key-issue targets, and shall be paid in cash at a fixed time following the end of each fiscal year. The reasons for selecting these performance targets are that they are considered to be the most appropriate indicators for heightening awareness of short-term business performance improvement mainly with respect to consolidated net sales and consolidated operating profit, while also heightening awareness of the achievement of the Mid-term Management Plan and the practice of our sustainable management by using the achievement rate and rate of change of return on equity (ROE) as targets. Directors involved in executing business activities shall be awarded transfer-restricted stock, with a fixed transfer-restriction period attached, at a certain time every year. The aim is to motivate Directors to contribute to improving mid-to long-term corporate and shareholder value under the wider aim of sharing value with shareholders. Monetary remuneration credits equivalent to the stock remuneration and the number of shares to be awarded shall be determined based on the Director's position and responsibilities, as well as our stock price and other factors.

➤ [Director Remuneration](#)

Conflicts of Interest

Nippon Kayaku has specified in the Rules of the Board of Directors that any Director engaging in competitive or personal transactions must receive prior Board approval and report the results of such transactions to the Board. In addition to the aforementioned, we also verify at the end of the fiscal year whether either Directors and Audit & Supervisory Board Members themselves or their close relatives (to within two degrees) have engaged in transactions with the Nippon Kayaku Group. The Rules of the Board of Directors specify that Board approval is required for important transactions with principal shareholders and affiliated companies.

Cross-shareholdings Policy

Policy on Cross-shareholdings

Nippon Kayaku's shareholding purposes can be divided into two categories: stock investments for net investment purposes, and stocks held for purposes other than net investment. The former refers to investments made in order to derive gains from changes in share value or dividends, while the latter refers to stocks held for other purposes.

We have pressed ahead with further reassessments of our cross-shareholding purposes and investment efficiency, and are working towards a target of reducing our cross-shareholdings to 6% or less of consolidated net assets by March 2029.

◆ Examination of Shareholding Suitability

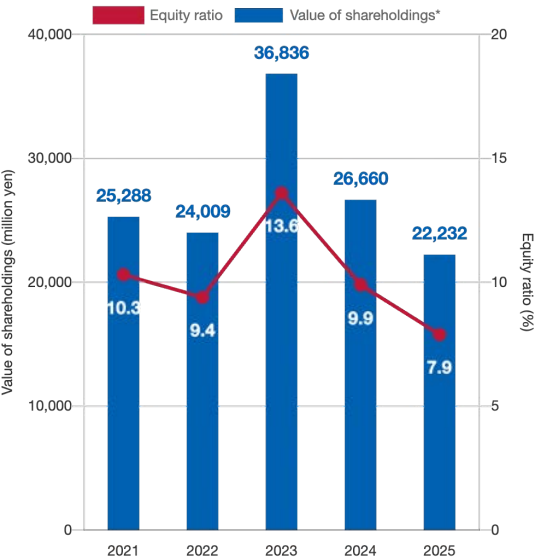
Nippon Kayaku invests in cross-shareholdings from the standpoints of improving medium-to-long-term corporate value, and maintaining and strengthening relationships with our customers.

Each year sees individual cross-shareholdings examined by the Board of Directors from medium-to-long-term corporate value perspectives. Cross-shareholdings deemed no longer necessary are, with due consideration given to market impact, consequently sold off.

➤ [Securities Report\(The Shareholding Situation\)\(Japanese\)](#)

◆ Shift in Cross-Shareholdings Policy

As mentioned above, Nippon Kayaku invests in cross-shareholdings from the standpoints of improving medium-to-long-term corporate value, and maintaining and strengthening relationships with our customers. Each year sees individual cross-shareholdings examined by the Board of Directors from medium-to-long-term corporate value perspectives. Cross-shareholdings deemed no longer necessary are, with due consideration given to market impact, consequently sold off. Our cross-shareholding balance for FY2025 reached 7.9% of consolidated net assets, marking a 2.0% drop on FY2024 due to, among other things, our pressing ahead with sales of cross-shareholdings. We will work on accelerating such sales to as to guarantee meeting our next target.



* Total value of unlisted and not-unlisted stock

Related Data

> [ESG Aggregate Data\(Governance\)](#)

Compliance

Policy and Basic Approach

The Nippon Kayaku Group naturally views compliance as a matter of observing laws, internal regulations and industry rules, as is the social norm and as society demands. However, we broaden our interpretation of compliance to include viewing it as a means of continually repaying the trust of our various stakeholders.

Furthermore, by way of a Group code of behavior, we have fixed our Charter of Conduct and Code of Conduct to provide the spirit with which our business activities can help fulfil our social role of contributing to wider society.

We are also working on achieving thorough compliance across our business activities, and further promoting compliance activities under strong top management leadership.

Nippon Kayaku Group Charter of Conduct and Code of Conduct

After underlining compliance as our “top priority for business activities”, we fixed our [Nippon Kayaku Group Charter of Conduct and Code of Conduct](#) in the year 2000. We revised the contents in 2011 in line with ISO26000 (Guidance Regulations on the Social Responsibilities of Organizations), and again in 2020 when resolving to voluntarily implement measures towards achieving a sustainable society.

The Nippon Kayaku Group Charter of Conduct

◆ Business activities

1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.
3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriate behavior for reasons based on gender, age, nationality, race, religion, or disability.
4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.
5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.

◆ Relationship with society

6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.
8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.

◆ Information handling

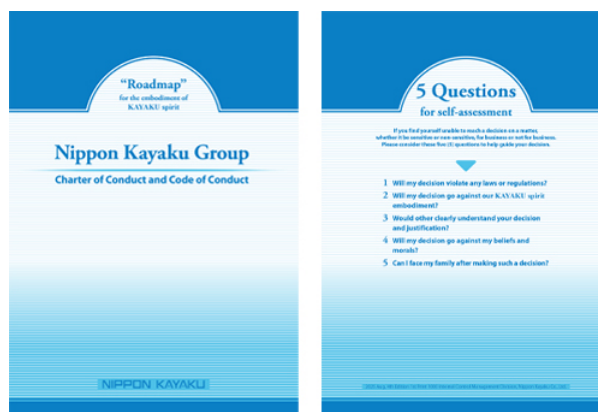
9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.

◆ Relationships between the company and individuals

10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.

◆ Roles of top management and thorough adherence to this charter

11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.



The Nippon Kayaku Group Charter of Conduct and Code of Conduct

◆ High Ethical Standards and Transparency in our Medical Business

Pharmaceutical companies are demanded to constantly ensure high ethical standards and transparency; build relationships of mutual trust with external stakeholders such as medical, dental and pharmaceutical researchers, medical professionals, wholesalers and patient groups; and work towards optimal and ethical medical care from the patient's standpoint.

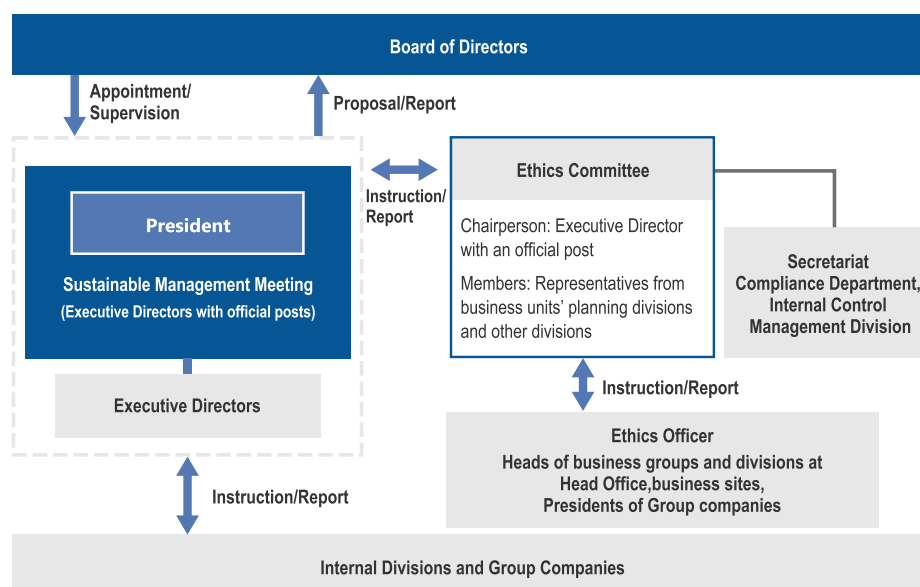
As the standard by which to judge whether our actions align with the aims of the JPMA Code, we have fixed a Nippon Kayaku Code of Practice. Thus are we further clarifying the corporate ethics and compliance awareness campaigns which form the bedrock of our business activities, and promoting respect for those key areas in the conduct of business and from a high ethical standpoint.

➤ [Responsible Marketing and Access to Medical Care](#)

System

In order to ensure thorough compliance across the entire Group, we have set up an Ethics Committee as an advisory body to our Sustainable Management Meeting under the guidance and supervision of our Board of Directors. This Committee meets twice a year, and on a further ad hoc basis when necessary. Led by an Executive Director with an Official Post nominated by our President, the Ethics Committee is comprised of representatives from every business unit's planning department, and from every section of our General Administration Department which is unattached to any business unit. Its remit is to decide on policies and specifics related to ensuring compliance with our Charter of Conduct, Code of Conduct and Basic Anti-Bribery Policy, thereby preventing conflicts of interest and corruption emanating from unreasonably approaching government employees.

It must also examine and decide upon responses to matters either arising in consultation or actually occurring, and the relevant recurrence prevention measures. The most important matters discussed by this Committee, including anti-corruption matters, are forwarded to the Sustainable Management Meeting and even the Board of Directors, who provide related feedback.



Internal Audits

In line with our basic policy on internal system structure, the Nippon Kayaku Group has set up an Audit Division, under the direct supervision of the President, to contribute towards strengthened corporate governance in the form of anti-corruption stances, prevention of unfair or erroneous practices, business operational reform, and asset safeguarding. Based on the annual audit plan approved by the Sustainable Management Meeting does this Audit Division internally audit every division and section of both domestic and overseas Group companies once every four years. Such internal audits involve assessing the systems for business, operational, financial and legal management, as well as observation of ethical standards and anti-corruption measures. Audit results are not only promptly shared with the President, auditors, and the Audit & Supervisory Board, but periodically reported to the Board of Directors via our internal database.

Targets and Results

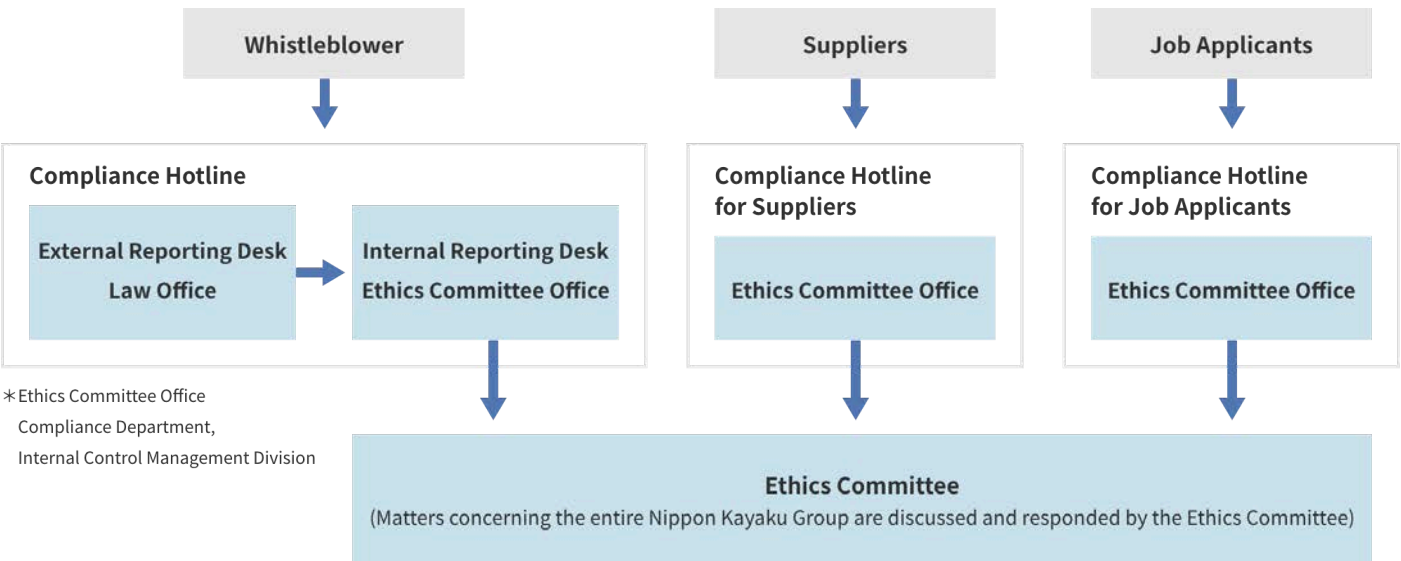
- > [Anti-Corruption \(Targets\)](#)
- > [FY2025 Sustainability Targets and Results](#)

Initiatives

Whistleblowing and Consultation System

At Nippon Kayaku, we have set up a Compliance Hotline to serve as our internal whistleblowing helpdesk, open to all domestic Nippon Kayaku Group executives, employees (including contract and part-time employees), temporary staff, freelancers, and even former employees (for the first year post-departure). We have also established a Compliance Hotline for Suppliers and Compliance Hotline for Job Applicants to handle whistleblowing reports and consultations from the respective parties concerned.

Whistleblowing and Consultation (Hotline System Diagram)



◆ Internal Whistleblowing System

With the installation of its Internal Whistleblowing System and the setting up of its Compliance Hotline, Nippon Kayaku is working on prevention and early detection of unfair practices, and relevant corrective measures.

Our Compliance Hotline can be used by all domestic Nippon Kayaku Group executives, employees (including contract and part-time employees), temporary staff, freelancers, and even former employees (for the first year post-departure). Overseas group companies, meanwhile, make use of their individual internal whistleblowing systems. The Compliance Hotline is constantly open for whistleblowing reports and consultations pertaining to contraventions of laws, unjust practices, harassment, bribery, unjust trading, other corrupt practices, and general actions running counter to corporate morals that arise in the course of Nippon Kayaku Group work. This also includes contraventions of the internal regulations such as those laid down in the Charter of Conduct and Code of Conduct. Should an unjust practice occur, or seem likely to occur, all consultations are welcome.

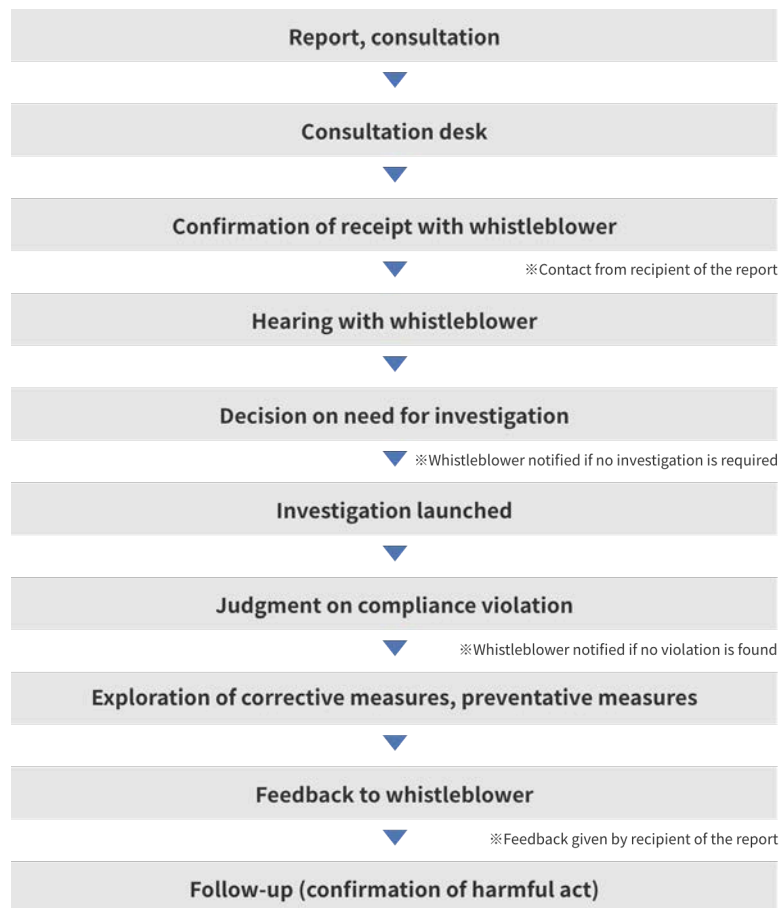
Our Compliance Hotline, meanwhile, runs to both our Ethics Committee Office (the Internal Control Management Division's Compliance Manager) and an external law firm, and allows whistleblowers to choose anonymity or otherwise when reporting or consulting. Reports may be made via telephone, email, document or interview, with email and document submissions accepted 24/7.

Any report or consultation accepted by the Compliance Hotline reception desk will be examined by the Ethics Committee Office, which will then decide on whether to investigate the facts. If, during any investigation, evidence of malpractice becomes clear, the Ethics Committee Office will promptly devise measures for corrective response and recurrence prevention, and subsequently notify the whistleblower of the investigation results.

Our Internal Whistleblowing System guarantees both confidentiality and anonymity, and our Regulations on Handling Internal Whistleblowing Reports specifically state that the whistleblower shall not receive any kind of negative treatment as a consequence of reporting or consulting.

We are raising awareness of our whistleblowing system and Compliance Hotline through group sessions, E-learning, internal portal site announcements, workplace posters, and the distribution of portable cards.

Whistleblowing Process



Contents of Reports and Consultations made over the Last Five Years

FY2025 saw a total of 13 reports (non-consolidated: 10; group companies: 3) and consultations made, with the facts of every one investigated and corrective measures deployed where necessary. Of those 13, none were of sufficiently critical nature to impact business operations. Through internal company training will we continue to promote awareness of our Internal Whistleblowing System, and encourage employees to use it as we strive towards prevention, early detection and containment of malpractice and misconduct.

Contents of Complaints and Consultations	Scope	Unit	2021	2022	2023	2024	2025
Harassment (power harassment, sexual harassment, etc.)	non-consolidated	cases	2	7	16	8	6
	Group companies	cases	-	-	-	5	1
Violations of company rules or manners	non-consolidated	cases	0	2	3	6	2
	Group companies	cases	-	-	-	3	1
Work or labor-related	non-consolidated	cases	1	3	5	3	0
	Group companies	cases	-	-	-	0	0
Others	non-consolidated	cases	1	4	3	0	2
	Group companies	cases	-	-	-	0	1
Total	non-consolidated	cases	4	16	27	25	13

Our Compliance Hotline for Suppliers

The Nippon Kayaku Group has set up a Compliance Hotline for Suppliers for matters related to law violations. We ask that suppliers confirm Points 1 to 5 below before reporting or consulting via Point Number 6.

1. Available to

Executives and employees who, in the course of business, are involved in trading with domestic Nippon Kayaku Group companies

2. Focusing on

Law violations or unethical acts committed by executives and staff of domestic Nippon Kayaku Group companies, or the discovery of readiness to commit such acts

3. Reports and consultations accepted by

The Ethics Committee Office (Internal Control Management Division), Nippon Kayaku Co., Ltd.

4. Requests regarding reports and consultations

All whistleblowers should state their name, workplace and department. Whistleblowers unable to give their name can make reports and consultation requests anonymously, but this may impede the establishment of facts and the wider investigation, as well as render it impossible to report back on investigation results and recurrence prevention measures taken

5. Protection of whistleblowers and consultation-seekers

All users of our Compliance Hotline for Suppliers will have their personal information strictly handled in line with our [Policy for Protection of Personal Information](#). Such information will only be used as necessary in the conduct of the investigation. Furthermore, whistleblowers will not receive any blowback for the act of having made a report or requested a consultation

6. To contact us

Reports and consultation requests should be made through the [Compliance Hotline for Suppliers](#)

Our Compliance Hotline for Job Applications

The Nippon Kayaku Group has set up a Compliance Hotline for Job Applicants for matters related to harassment during the recruitment process. This hotline (to be found in Point 4 below) should be contacted by applicants who have either experienced harassment from a Nippon Kayaku employee, or fear such harassment forthcoming, during the recruitment process.

- 1. Consultations accepted by
The Ethics Committee Office (Internal Control Management Division), Nippon Kayaku Co., Ltd.
- 2. Requests regarding consultations
We do accept anonymous consultations. However, we ask that you please provide your name where possible as that will help us smoothly proceed with establishment of facts and investigations, and enable us to directly report to you any findings and recurrence prevention measures. Should you request anonymity, please write in the name column: "Name withheld by request."
- 3. Protection of consultation-seekers
All users of our Compliance Hotline for Job Applicants will have their personal information strictly handled in line with our [Policy for Protection of Personal Information](#). Such information will only be used as necessary in the conduct of the investigation. Furthermore, the act of having made a report of requested a consultation will have no effect on the outcome of the whistleblower's job application
- 4. Consultation Method
Consultations should be made through our [Compliance Hotline for Job Applicants](#)

Numbers of Reports and Consultations

Our Compliance Hotline for Suppliers has been in place since FY2021, during which it received no enquiries. FY2025 saw four reports and enquiries received.

Number of Whistleblowing Complaints and Consultations from Suppliers

Whistleblowing	Scope	Unit	2021	2022	2023	2024	2025
Whistleblowing complaints and consultations from suppliers	non-consolidated	cases	0	1	0	4	0

Internal Instillation

So that the entire Group is instilled with awareness of the need for thorough compliance and secure implementation, and that the contents of our Charter of Conduct and Code of Conduct can be checked at any time, we have produced some portable cards imprinted with both the aforementioned as well as our corporate vision. We have also produced a brochure in the six languages spoken by the countries in which we have set up base (Japanese, English, Chinese, Spanish, Malay and Czech). Both the cards and brochures have been distributed to every Group executive and employee.

It is also the case that every October is Nippon Kayaku's "Compliance Month," which sees our Ethics Committee Chairman pen a message aimed at every domestic Group company employee in our internal bulletin. It also sees us conduct a Compliance Consciousness Survey so we can continually monitor the degree of compliance instillation and link to subsequent improvements.

Compliance activities for our overseas group companies are implemented in accordance with the relevant country's laws and business customs. In China, for example, all our group company chief executives and persons in-charge of ethics gather each year for an Ethics Managers Meeting. This meeting provides a chance to discuss compliance initiatives, reports of issues, the extraction of problems and issues, and relevant measures to be taken. In addition, legal representatives from our Internal Management Control Division, together with each company's person in-charge, provide onsite compliance training to the employees of each group company. Going forward, based on each country's situation, we will deepen the links between each group company and section as we aim for yet more effective and efficient global compliance activities.

Education and Training

The Nippon Kayaku Group conducts annual e-learning courses on its Charter of Conduct and Code of Conduct for all directors, employees (including contract and part-time employees) and temp staff. The program takes place every year as part of compliance training, and is based on the latest situations and case studies pertaining to the Charter of Conduct and Code of Conduct, and related themes, such as anti-bribery and anti-corruption, basic human rights, harassment, and how to use our internal whistleblowing system. We also use regular meetings at each workplace as opportunities to deliver case-study-based training and form study groups.

We also set up harassment prevention training for every executive and employee on an annual basis. The contents are the same for managers and non-managers alike, and involve sharing awareness of harassment definitions, case studies, preventative measures and responses to actual situations, as part of broader initiatives to increase awareness and prevent before the event.

So that training opportunities and programs can be provided to every employee, we mainly rely on E-learning methods and large group sessions at Group companies.

Training Program	Main contents	Target Audience	FY	Delivery Method	Frequency
Compliance Training (Yearly, Compulsory)	From "I conveyed" to "properly conveying" How misunderstandings stem from thinking you have conveyed the situation	Executives, employees, (including contracted and part-time employees), temp staff	2025	e-learning, group session	1
Sustainability Training (Mandatory)	Nippon Kayaku Group Basic Policy on Anti-Bribery; bans on provision and receipt of excess entertainment; actions banned under the ethical regulations for government employees	Executives, employees, (including contracted and part-time employees), temp staff	2025	e-learning	1
Compliance Training	Training set up for The Nippon Kayaku Group Charter of Conduct and Code of Conduct, and related themes; workplace environment (prevention of backbiting); harassment (overbearing relationships), approach towards compliance, basic human rights (delivering on practical considerations), introduction to the law (What is the Proper Transactions Law?), prevention of rule violations etc.	Executives, employees, (including contracted and part-time employees), temp staff	2025	e-learning	6
Risk Management Training	Wouldn't you be deceived? "Basic Measures against Cyberattacks"	Executives, employees, (including contracted and part-time employees), temp staff	2025	e-learning	1
New Hire Training*1	Nippon Kayaku Group Compliance	New hires	2025	Group session	1
New Manager Training*1	Nippon Kayaku Group Compliance	New managers	2025	Group session	2
Overseas Transfer Training*2	Nippon Kayaku Group Charter of Conduct and Code of Conduct, Nippon Kayaku Group Basic Policy on Anti-Bribery etc.	Employees transferring overseas	2025	Interview, online	18

*1 Held every year

*2 Pre-departure training set up for employees transferring overseas

Our Compliance Consciousness Survey

Our Compliance Consciousness Survey has been conducted in conjunction with a contracted consultancy firm since FY2015. From the aggregated results and subsequent analysis do we extract the key compliance promotion issues for each company workplace and provide the relevant feedback, including improvement suggestions. That feedback is then referenced by each workplace when it draws up and fixes its Compliance Action Plan for the following financial year, thereby building PDCA's to improve compliance consciousness.

Anti-Corruption

Policy and Basic Approach

The Nippon Kayaku Charter of Conduct and Code of Conduct call for competition law, related laws, the spirit of those laws, and internal company regulations to be observed in all business activities; for competition to be conducted fairly, transparently and freely; and for improper trading practices such as bribes to be banned. Furthermore, so as to clarify our basic approach towards the prevention of bribery, the rules to be observed and their sphere of applicability, we have fixed our Nippon Kayaku Group Basic Anti-Bribery Policy, which is now being diffused and rolled out to all executives and employees.

◆ I . Preamble

Nippon Kayaku established the Nippon Kayaku Group Basic Policy on Anti-Bribery (hereinafter referred to as the Basic Policy) to clarify the basic concept, scope, and rules to be followed regarding the prevention of bribery, for declaration to both inside and outside the company. This basic policy applies to all officers and employees of the Nippon Kayaku Group (employees, junior employees, contract employees, advisors, contract workers, parttime workers, etc.).

◆ II . Overview

The Nippon Kayaku Group established the Nippon Kayaku Group Charter of Conduct and Code of Conduct to implement sustainable management that is integrated with management strategy while maintaining a high level of ethical standards. This is aimed at realizing the corporate vision KAYAKU spirit of "continuing to provide society with the best products through constant progress and the combination of conscience." The Charter of Conduct and Code of Conduct stipulates that; we will "comply with competition laws and other relevant laws and regulations, as well as their spirit and internal regulations, and engage in fair, transparent and free competition in all our business activities; that we will maintain sound relations with politics and the government;" and that we will "comply with relevant laws and regulations in each country and region, and respect international norms, cultures, religions and traditions."

Furthermore, the Nippon Kayaku Group considers the establishment and strengthening of anti-bribery systems both domestically and overseas to be an important issue to be addressed by the Group as a whole as we continue to expand our business globally year by year.

◆ III. Declaration

The Nippon Kayaku Group will comply with laws and regulations that prevent bribery in each country and region in which the Nippon Kayaku Group operates, including the Japan Anti-Unfair Competition Act, the U.S. International Anti-Corruption Act (Foreign Corrupt Practices Act:FCPA),the Bribery Act (Bribery Act:UKBA), and the Chinese Commercial Bribery Regulation. In addition, we will not act in a way that violates the Ethical Code for Public Employees of Japan, the Code of Ethics for National Public Employees, the ethical rules stipulated by special public corporations, local governments, etc., and the laws and regulations concerning the public employees^{*1}, etc. of each country.

◆ IV. Compliance items

1. Prohibition of Bribery of Public Officials, etc.

The Nippon Kayaku Group will not provide, offer or promise any illegal entertainment, gifts, benefits or other economic benefits^{*2}, whether directly or indirectly, to domestic and overseas public employees or persons in similar positions ("public employees, etc.") with the aim of influencing their conduct of duties.

In the event public officials, etc. request the provision of illegal entertainment, gifts, benefits, or other economic benefits domestically or overseas, the Company shall refuse such request and notify the relevant organizations as appropriate.

2. Payment to intermediaries

Payment shall not be made if the Nippon Kayaku Group becomes aware that payments to contractors, agents, consultants, wholesalers, and other intermediaries to wholesalers to whom the businesses are outsourced, and a portion thereof, are diverted to improper approaches to public officials, etc., or that there is a possibility thereof.

3. Entertainment and gifts to business partners other than public officials, etc.

In compliance with national laws, industry codes and internal regulations, we will not provide entertainment, gifts, or other economic benefits that exceed a reasonable range of social conventions to our domestic and overseas business partners, including their officers and employees.

4. Entertainment and gift-giving

We do not receive excessive entertainment from business partners or gifts of money that exceed the scope of social conventions.

5. Donation activity

Donations, such as grants and political contributions, will not be made for the purpose of fraudulently obtaining or securing business benefits.

6. Control of Records

We will prepare and maintain accounting records of all transactions and dispositions of assets, as appropriate and accurately as possible, to demonstrate that bribery has not occurred.

◆ Requests to business partners

This basic policy summarizes the Nippon Kayaku Group's approach to anti-bribery, and we believe that the understanding and cooperation of our business partners is essential to the implementation of this basic policy. The Nippon Kayaku Group requests to conclude a contract that includes provisions to understand this Basic Policy and to comply with relevant laws and regulations, including the prevention of bribery, at the time of new use or renewal of the contract with intermediate manufacturers such as contractors, agents, consultants and wholesalers who may come into contact with public officials. If you encounter or suspect any violations to this basic policy or related laws or regulations, please notify your contact person at the Nippon Kayaku Group.

We also request that you cooperate in investigations by Nippon Kayaku Group companies or relevant authorities regarding alleged violations or violations.

*1 Public officers, etc." refers to those who are in charge of legislative, administrative, judicial, and other public affairs in each country or region, candidates for such services, officials of government agencies, employees of companies and other organizations owned and operated by the government, officers and employees of political parties, and officers and employees of public international organizations composed of countries, regions, and their governments.

*2 Gifts, benefits, and other economic benefits" include all items that are equivalent to cash, such as gifts, services, employment, loans, travel expenses, food and beverage, invitations (sports tours, theatrical tours), donations, daily grants, and rewards, all of which are in profit, whether in their nominal terms. Provided, however, that this shall not apply to acts where the scope of the Anti-Corruption and Anti-Bribery Laws and Regulations applicable to each country or region is moderate in light of lawful and sound business practices and socially accepted norms.

System

➤ [Compliance\(System\)](#)

Internal Audits

➤ [Compliance\(Internal Audits\)](#)

Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Number of Employee Disciplinary Actions, Dismissals, Fines and Penalties Related to Anti-Corruption Policy Violations	0 cases	0 cases	Consolidated
Number of Significant Compliance Violations reported through the Compliance Hotline by Business Partners	0 cases	0 cases	Consolidated
Training take-up rate	100%	100%	Consolidated
Corrective Action Completion Rate for Internal Audit Findings	100%	100%	Consolidated

Initiatives

Risk Evaluation

For its annual risk assessment, the Nippon Kayaku Group identifies risks at all its business sites (including those of overseas group companies), examines response measures, and sets up periodical reviews.(For details, please see: [Risk Assessment > Preventative Measures Against Risk](#)).

For our Group companies in countries with high corruption risks, we have fixed Anti-Bribery and Anti-Corruption regulations as part of our comprehensive anti-corruption approach. These regulations basically set the rules for provision and receipt of entertainment and gifts which conform to the laws and business customs of the countries concerned. Compliance is periodically checked via internal audit. Going forward, based on each country's individual situation, we will continue to strengthen links between each group company and department in our quest to deliver yet more effective and efficient global compliance activities.

Internal Whistleblowing System

➤ [Compliance\(Internal Whistleblowing System\)](#)

Education and Training

Education and training are based on the contents of the Nippon Kayaku Group Charter of Conduct and Code of Conduct, with sessions on the outlawing of conflicts of interest, insider trading and anti-corruption being held once a year. Furthermore, our overseas group companies receive onsite education and training sessions from the Internal Control Management Division once a year.

➤ [Compliance\(Education and Training\)](#)

Preventing Corruption for suppliers

Nippon Kayaku subjects its domestic suppliers to a Sustainable Procurement Survey. The Survey contains questions related to preventing corruption and forms part of our effort to combat corrupt practices by getting our suppliers to demonstrate proper compliance.

Furthermore, in order to ensure thorough compliance across the supply chain, we request that any subcontractor, agent, consultant, wholesaler, and any other intermediary who may come into contact with government employees, receives, upon their first commissioned job or whenever their contract is renewed, an explanation of the Nippon Kayaku Group's Basic Anti-Bribery Policy, and signs a contract pledging to honor it as well as related anti-corruption laws and regulations.

➤ [Environmental and Social Considerations in the Supply Chain](#)

Responsible Political Involvement

Our Nippon Kayaku Group Charter of Conduct and Code of Conduct call for the building of healthy relations with politics and administrative bodies, and forbid bribery and other dishonest practices. Donations to political groups are made in compliance with the Political Funds Control Act, the Public Officers Election Act, and other related legislation. Internal company processes must be followed, and requests must be submitted in advance for final decision.

Related data

➤ [ESG Aggregate Data\(Anti-Corruption\)](#)

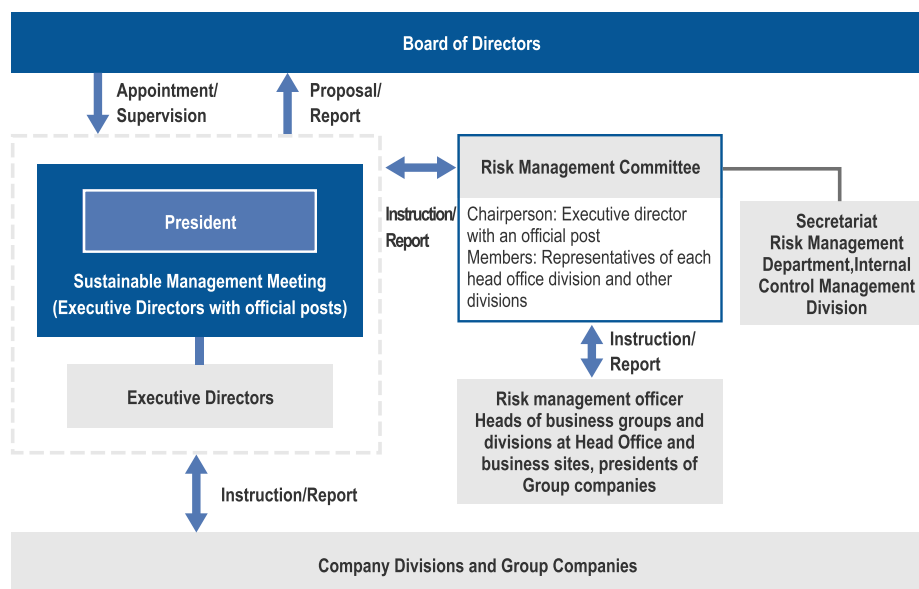
Risk Management

Policy and Basic Approach

In a time when the surrounding business environment changes from day to day, leading to increased complications and uncertainty, we are facing a multitude of risks. By maintaining its production system, ensuring suitable access to raw materials and strengthening disaster prevention measures in order to secure business continuity, the Nippon Kayaku Group prevents various business-related risks from materializing and minimizes their impact. In order to “restore business operations within a specified timeframe” in times of disaster or emergency, we are not only promoting the establishment of a BCP Manuals for our head office and all business units, but also the preparation of BCP Manuals for every overseas workplace.

System

In order to take preventative measures against risks before they appear, thereby minimizing their effects, we have set up a Crisis Management Committee to serve as an advisory body to the Sustainable Management Meeting. This committee convenes twice a year, and on an ad hoc basis when required. The committee, chaired by an Executive Director with an official post nominated by the President, consists of representatives from each business unit’s planning department and every section of our General Administration Department, which is unattached to any particular business unit. It is tasked with constructing and administering a crisis management system designed to take preventative measures against the most damaging risks to corporate management and business activities, and to respond to emergencies and conduct damage recovery activities once normal service has been resumed. The most important matters discussed by this committee are reported to the Sustainable Management Meeting and the Board of Directors, who then provide relevant feedback.



Targets and Results

Indicator	FY2028 Target	FY2035 Target	Scope
Risk Assessment Completion Rate	100%	100%	Consolidated
Risk Response Plan Development Rate	100%	100%	Consolidated
Number of Cases with a Risk Response Implementation Rate Below 80%	Fewer than 10	0	Consolidated
Corrective Action Completion Rate for Internal Audit Findings	100%	100%	Consolidated
Risk Management Process Compliance Rate	100%	100%	Consolidated
Risk Management Training take-up rate	100%	100%	Consolidated

➤ [FY2025 Sustainability Targets and Results](#)

Risk Prevention

◆ “Business Unit Risk Control Activities” and “Top Five Risk Control Activities”

In order to identify significant risks and enact the requisite controls, the Nippon Kayaku Group undertakes the following “Business Unit Risk Control Activities” and “Top Five Risk Control Activities” on an annual basis.

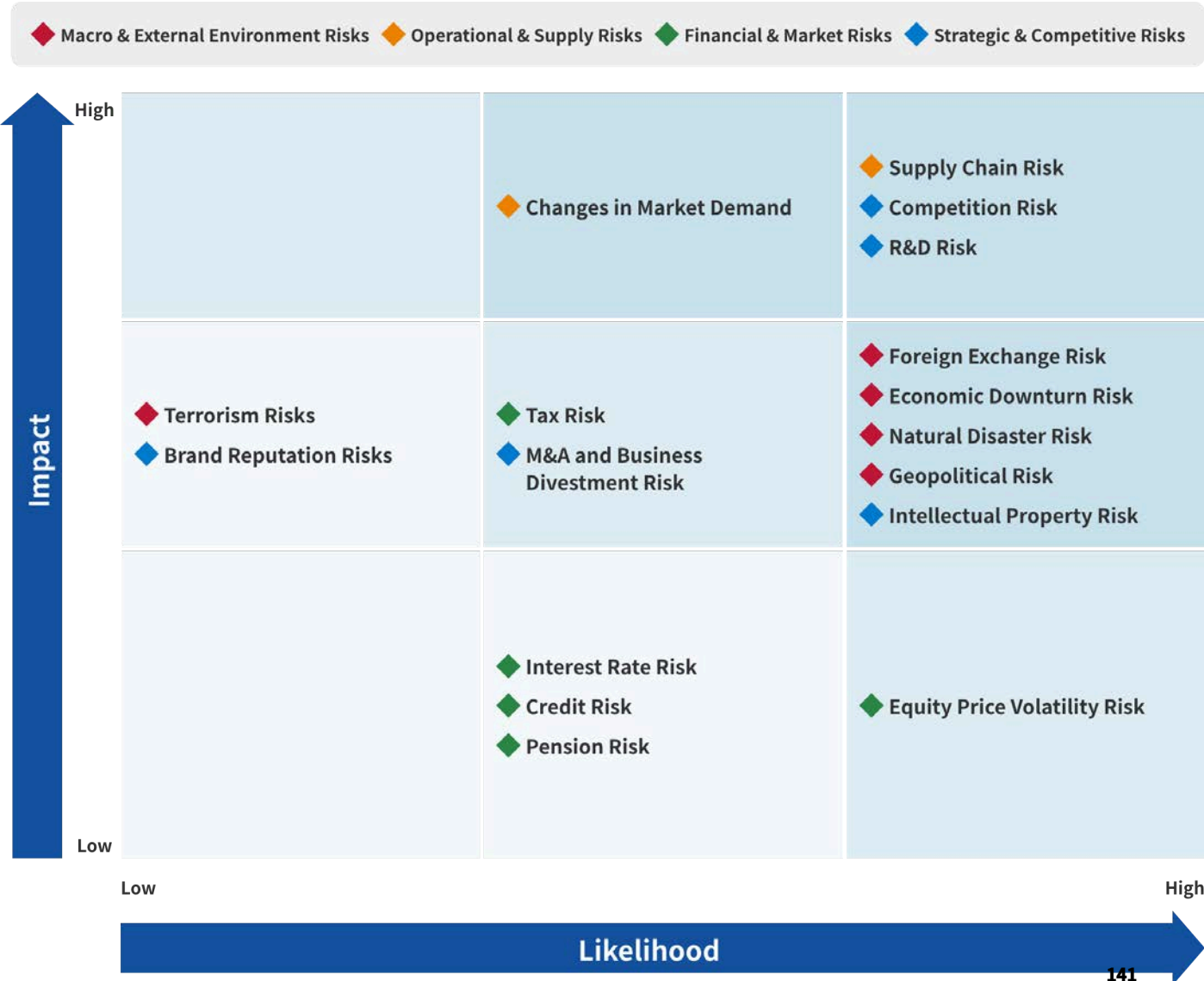
Business Unit Risk Control Activities cover our three business units, our R&D Department, and our Head Office Administration Department. They involve extracting the risks most impactful to each business unit and department from a managerial perspective, and examining ways to deal with them.

Our “Top Five Risk Control Activities” cover all plants, research labs and business sites inside Japan, as well as domestic and overseas group companies. Each business site extracts its five key risks from its own perspective and explores possible response measures.

Risks and response measures identified for each business unit and site are reported to the Internal Control Management Division, which serves as the office for the Crisis Management Committee. The Internal Control Management Division comprehensively grasps and analyzes risk trends, passes on its findings to the Crisis Management Committee for discussion and final decision on the major risks and responses, then makes twice-yearly reports on initiatives and progress updates to the Sustainable Management Meeting and Board of Directors.

◆ Business Risks

The principal risks identified by management as having a potentially major impact on the consolidated group financial situation, management results and cash flow are listed below. Each risk has been evaluated against an effect and frequency scale of three sizes (large, medium, small). The risks noted here do not serve as a comprehensive list; there remains the possibility for risks not noted below to have future impact upon Group business, business results and financial situation. We have established a Crisis Management Committee to respond to emergencies, and are constructing a system which enables a rapid and appropriate Group response. (For more on our emergency situation responses and the composition and administration of our Crisis Management System, please see [here](#)).



Principal Risk	Nature of Risk	Response Policy	Impact	Likelihood
Supply Chain Risk	Creation of supply uncertainties due to delays in procurement of raw materials, disruption to distribution, over-dependence on specific suppliers.	Guarantee stable supplies through diversification of suppliers, inventory optimization, and strengthened supplier risk assessments.	High	High
Competition Risk	Decreased profits due to price competition with domestic and overseas competitors, as well as intensification of technology races.	Establish competitive advantage through development of differentiated products, strengthened cost competitiveness, and better business selection and focus.	High	High
R&D Risk	R&D investments do not deliver hoped-for returns, perhaps causing delays in market entry.	Heighten development efficiency through better selection and focus on development themes, thorough stage-gate management, and promotion of external linkages.	High	High
Changes in Market Demand	Reduced competitiveness of existing products and consequent reduced demand through technological innovation and changing customer needs.	Maintain and improve product competitiveness through boosting development based on latent customer needs, with priority investments in environmental and high-functional material fields.	High	Medium
Foreign Exchange Risk	Business results influenced by exchange rate market changes which affect yen conversion rates for overseas sales and imported raw material costs.	Limit such effects through price and cost management, and the natural hedge that comes with currency diversification and promotion of overseas site production.	Medium	High
Economic Downturn Risk	Possibility of decreased sales and worsening profits stemming from reduced demand due to changes in the world economy and specific markets (automobiles, semiconductors etc.)	Improved resilience in the face of economic changes through business portfolio diversification, resource allocation to growth areas and optimization of cost structure.	Medium	High
Natural Disaster Risk	Possible effects on customer supply and profits stemming from supply cut-offs and suspension of production site operations due to earthquakes, fires, accidents etc.	Map out a minimization of effects through more advanced BCP, construction of a multi-production site system, enhanced safety equipment and periodical drills.	Medium	High
Geopolitical Risk	Restrictions on product imports and exports, and raw material purchases, due to international conflicts, trade regulations and economic sanctions.	Limit risks through greater dispersion of suppliers and customers, reassessment of inventory strategies, and better monitoring of each country's regulations.	Medium	High
Intellectual Property Risk	Possibility of decreased competitive advantage through patent infringements, lawsuits, and technological leakage.	Reduce risks through enhanced portfolio diversification, thorough investigation of other companies' patents, and more sophisticated management of confidential information.	Medium	High

In addition to the financial effect perspective, our Group also identifies risks and opportunities from the standpoints of significance to the environment and society. Significant risks in non-financial fields have been organized systematically as part of our materiality reassessment, with their contents and related policy responses “[Key Sustainability Issues \(Materiality\)](#)”.

◆ Responses to ESG Risks

The Nippon Kayaku Group believes in the necessity of appropriately grasping the risks and opportunities associated with sustainable management, and linking the acts of reducing those risks and gaining new business opportunities to further business growth.

Having recognized the above, we have disclosed information based on the risks and opportunities surrounding our Key Sustainability Issues, and TCFD and TNFD proposals. By working towards resolving environmental and social issues through our business activities we are aiming to achieve a sustainable society and additional corporate value.

In order to continue our appropriate responses to the diversification of business activities and changing social and environmental issues, we will periodically review these risks and opportunities, and work towards disclosing information of substantial quantity and quality.

- [Impacts, Risks and Opportunities for the Environment and Society](#)
- [Information Disclosure based on TCFD Proposals](#)
- [Information Disclosure based on TNFD Proposals](#)

◆ Education and Training

As part of our continuous PDCA cycle activities aimed at enhancing risk awareness and minimizing risks, we provide risk management training to all our executives, employees (including contracted and part-time employees), and temp staff. We also implement separate risk management education and training for new hires, new managers, and employees transferring overseas.

➤ [Education and Training](#)

Responses to Emergencies, and the Structure and Administration of our Crisis Management System

◆ Crisis Management System Preparation

In anticipation of the most critical risks posed to our business activities, we have fixed our Crisis Management Regulations and are currently preparing our Crisis Management System. We are also using our Detailed Crisis Management Regulations to work on building an emergency response structure which allows for more accurate responses based on the preventative measures outlined in various response manuals.

◆ Business Continuity Plan (BCP)

Preparation of BCP Manuals

By way of preparing for natural disasters and outbreaks of infectious disease, our Group is drawing up its own BCP Basic Manual. This serves as the base for each domestic and overseas business site, plant and group company to fix its own individual BCP Manuals and periodically revise the contents to boost effectiveness.

BCP Drills

As part of our efforts to confirm the effectiveness and workability of its BCP Manuals, as well as heighten employee awareness, the Nippon Kayaku Group stages BCP drills both domestically and overseas to ensure that damage is minimized, business can continue, and operations can be promptly restored when emergency situations occur. Inside Japan, the director in charge of the business unit serves as the Crisis Management Chief and conducts an annual BCP drill. FY2025 saw our BCP drill focus on a Life Science Business Unit scenario in the presence of our president and Crisis Management Committee. The drill, based on the premise of an earthquake in the Kanto region, was conducted along the lines of our manual, and saw employees associated with head office, plants and external warehouses coordinate to collate and share various information on the disaster itself and damage situations. The drill enabled us to verify the effectiveness of our BCP by observing the speedy and appropriate decision-making of the Task Force Chief and the implementation of his instructions. Among our overseas business sites, Kayaku Safety Systems (Huzhou) Co. and Kayaku Safety Systems Malaysia Sdn. Bhd. were able to reconfirm their communication systems via workshops themed upon crisis scenarios such as initial disaster response systems, storm and flood damage, and equipment damage. Going forward, we will continue to hold BCP seminars and drills based on various scenarios as we work towards improving our crisis response capacity.

Information Security

Policy and Basic Approach

The Nippon Kayaku Group is promoting Digital Transformation (DX) to improve operational efficiency and productivity and to support diverse working styles. However, cyberattacks and unauthorized access are becoming increasingly frequent, sophisticated, and advanced, resulting in growing cyber risks. We regard the risks to business continuity arising from information leakage and computer system disruptions as key management challenges. To earn and maintain the trust of society as a whole, including our customers, business partners, investors, employees, and other stakeholders, we have established the Nippon Kayaku Group Information Security Policy and The Information Security Responsibilities We Bear*, based on the Nippon Kayaku Group [Charter of Conduct and Code of Conduct](#). We continuously incorporate information security into our day-to-day operations to protect corporate information and improve information security awareness and literacy.

Nippon Kayaku Group Information Security Policy

The Nippon Kayaku Group recognizes the information it possesses in the conduct of corporate activities as a key management resource, views information security initiatives as a key management issue, and has determined the following policy approach towards maintaining and improving a system capable of safeguarding its information assets appropriately, continually and across the organization.

◆ Safeguarding our information assets

The Nippon Kayaku Group shall appropriately protect its information assets from threats to their value (in terms of confidentiality, integrity and availability).

◆ Sharing our information assets

The Nippon Kayaku Group shall observe the laws and policies determined by each country, contractual obligations and other social norms when sharing necessary information in the conduct of business and effectively utilizing such information.

◆ Preparation of regulations

The Nippon Kayaku Group shall, in line with the stipulations of its Charter of Conduct and Code of Conduct, both prepare and uphold regulations and standards concerned with the management of the information assets in its possession.

◆ Constructing our system

The Nippon Kayaku Group shall, in order to protect and appropriately manage all information assets in its possession, formulate a system which bears necessary responsibility for information security, and deploy, to each group company and organization, information security managers and security-specialist personnel with the relevant expertise and technical knowledge.

◆ Securing resources

The Nippon Kayaku Group shall view its policy approach to information security as part of its overall management approach, and ensure the necessary staff and budgets are suitably allocated for technical and physical measures.

◆ Risk assessments

The Nippon Kayaku Group shall visualize and assess the hypothetical risks of information leakage and business suspension due to cyberattacks, and continually implement relevant measures which extend to the supply chain.

◆ Responses to critical incidents

The Nippon Kayaku Group shall, in instances of critical information asset incidents, respond promptly to minimize the damage caused, and, based on root cause analyses, formulate recurrence prevention measures.

◆ Implementation of education and training

The Nippon Kayaku Group shall, with respect to every related party in its employ, promote increased information security literacy by periodically and continuously delivering education and training scenarios based on critical information asset incidents.

◆ Continuous initiatives

The Nippon Kayaku Group shall periodically assess and review this policy as it continually enacts information security initiatives.

Jun 26th 2025

Member of the Board Managing Director

Chair of the Information Risk Management Subcommittee



The Information Security Responsibilities We Bear

As a business trusted by society, and in pursuit of realizing the type of Nippon Kayaku we want, we shall promote appropriate information management.

People

In order to promote appropriate information management, we will work on improving the information security awareness and literacy of each and every employee.

Society

We will resolutely confront cyber attacks, take responsible actions vis-à-vis society, and disclose information both appropriately and promptly.

Risks

We shall appropriately evaluate the risks to our information assets, systematically devise measures, and work to maintain a risk-responsive system.

Technology

We should respond to evermore sophisticated cyber attacks by continuously working on appropriate technical measures to help guard our important business information.

*The Information Security Responsibilities We Bear (Published in Japanese, English and Chinese)

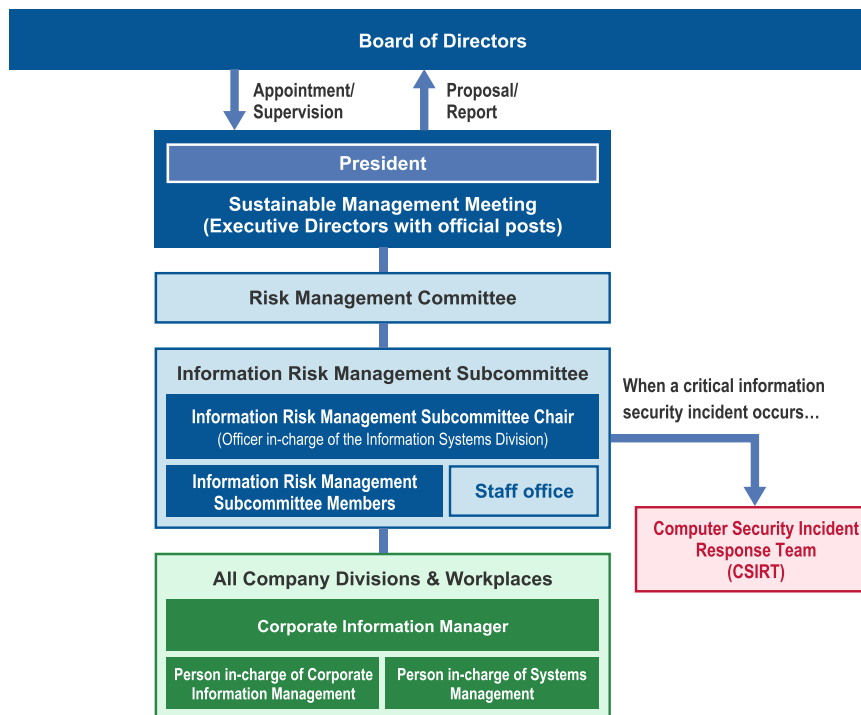
System

To minimize information security risks, which are a key element of crisis management, and to maintain an appropriate level of security, continuously review countermeasures in response to changing circumstances, and oversee company-wide implementation and awareness, we have established the Information Risk Management Subcommittee.

This subcommittee meets, in principle, twice a year, and additionally as necessary. It is chaired by the Officer in charge of Information Systems, and comprises representatives of every business unit's planning department plus representatives from general administrative departments unattached to any particular business unit. It also coordinates with the Corporate Information Officer, Person in-charge of Corporate Information, and System Administrator assigned to each company division and workplace.

Important matters discussed by the Subcommittee are reported to the Sustainable Management Meeting and the Board of Directors, which provide feedback as appropriate.

Furthermore, to deal with security incidents that could cause significant damage to the Company's management or business operations, materially affect its relationships with affiliated companies, business partners, and other customers, or result in a loss of trust, such as cyberattacks and unauthorized access to confidential information, we activate a Computer Security Incident Response Team (CSIRT) to centrally coordinate the response under the leadership of the Information Risk Management Subcommittee Chair. Depending on the anticipated severity of the impact, the President or the Chair of the Risk Management Committee may serve as the CSIRT Leader. The CSIRT works promptly to limit the spread of damage. Once containment has been completed, it focuses on recovery and measures to prevent recurrence.



International Certifications

➤ [Business Sites Certified by the Trusted Information Security Assessment Exchange \(TISAX\), \(concerned with the global automotive industry supply chain\)](#)

Targets and Results

FY2025 Targets	FY2025 Results
Develop a BCP manual and conduct a cyberattack response exercise in accordance with the Detailed Rules for the Information Risk Management Regulations.	A cybersecurity incident response exercise was conducted in accordance with the Detailed Rules for the Information Risk Management Regulations (CSIRT Manual).
FY2026 Targets	
Through further enhancement and expansion of information security policies, rules, and standards, ensure compliance with the requirements of the “Supply Chain Security Assessment System ” laid down by Japan’s Ministry of Economy, Trade and Industry (METI)	

Initiatives

Information security measures

Classification of measures	Details
(1) Organizational Measures	- Maintenance of the information security governance structure - Periodic reviews of information security-related internal rules and standards
(2) Human and Legal Measures	- Information system security and IT literacy education, incident response exercises, and awareness-raising activities - Entering into confidentiality agreements with external service providers - Ensuring compliance with confidentiality obligations by newly hired and departing employees
(3) Physical Measures	- Access management for facilities, buildings and areas etc. - Management of PCs and external storage devices taken outside of company premises - Control of the removal of highly confidential information from Company premises, secure storage under lock and key, and access control
(4) Technical Measures	- Malware protection for information devices and hard drive encryption - Establishment of systems to detect unauthorized access and tampering attempts from external sources

◆ Education and Training

The Nippon Kayaku Group communicates its information security rules to all executives, employees, including contract and part-time employees, and temporary staff, and regularly provides information security training and phishing email response exercises.

Training Program	Main Contents	Target Audience	FY	Delivery style	Frequency
Executive Cybersecurity Training	- Cybersecurity as a business management issue - Case studies of cyberattack incidents - Impact of cyberattacks on our company - Executive awareness and responsibilities	Executives	2025	Seminar	1
Information Security Awareness Training	- Distribution of the comic-style guide "IT and Security: Your First Step" - Overview of the "10 Major Information Security Threats 2025"	Executives, employees, and external parties using company IT tools	2025	e-Learning, distribution of materials, group training	1
Phishing Email Awareness Training	- Characteristics of phishing emails - Appropriate response when a phishing email is received	Executives, employees, and external parties using company IT tools	2025	e-Learning	1
Phishing Email Simulation Exercise	Conducting phishing email simulation exercises	Executives, employees, and external parties using company IT tools	2025	Exercise	4
Cybersecurity Incident Response Exercise	Scenario-based incident response exercise in accordance with the Information Risk Management Regulations (CSIRT Manual)	CSIRT and Information Risk Management Subcommittee members	2025	Exercise	1

◆ Number of Major Information Security Incidents

The number of major information security incidents that occurred within the Nippon Kayaku Group over the past three years is shown below.

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of Major Information Security Incidents *	consolidated	cases	-	-	0	0	0

* Levels of security incident criticality are determined by our Information Risk Management Subcommittee.

Protecting Personal Information

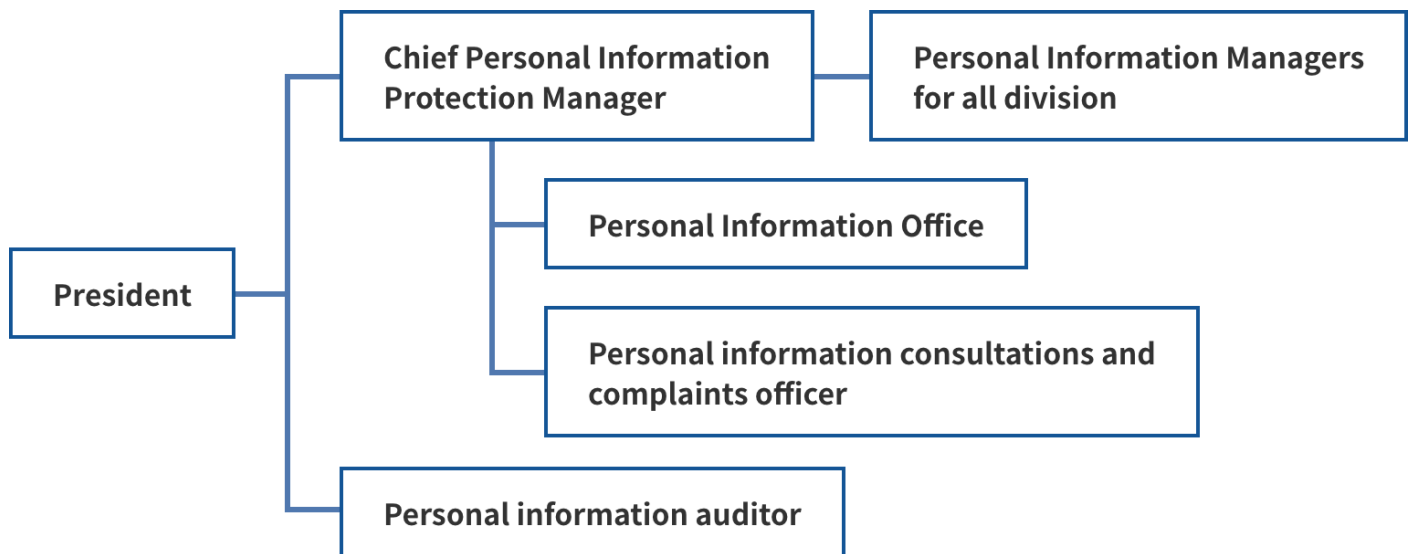
The Nippon Kayaku Group recognizes the importance of personal information and complies with the Act on the Protection of Personal Information and other applicable laws and regulations concerning the personal information it handles. We consider the protection of personal information to be a social responsibility and are committed to ensuring its proper management and protection.

We have also established our [Personal Information Protection Policy](#) for external stakeholders, with purposes of use, security control measures and contact details for consultations and complaints all published on our website so that the information is readily accessible to the public.

◆ Personal Information Protection Management System

We have established the Personal Information Management Regulations and, under the supervision of the Chief Personal Information Protection Officer, appointed Personal Information Managers in each department. Personal information handled in the workplace is classified according to its level of importance on an ongoing basis and registered in a management database.

We also provide training to all personnel three times a year, conduct an annual inventory of personal information, and perform an annual audit. Through these activities, we raise awareness of personal information protection and enhance the effectiveness of our protection measures.



◆ Education and Training on Protecting Personal Information

Training Program	Main Content	Target Audience	FY	Delivery Method	Frequency	Completion Rate
Legal training	• Overview of security controls (organizational, human, physical, and technical) • Understanding the external environment • Q&A on security controls	Executives, employees (including contract and part-time employees), and temporary staff	2025	e-Learning, Group Training	3	Ave: 84.8%

◆ Response to Personal Information Breaches

In the event of a personal information breach, we will respond in accordance with our Information Leakage Incident Response Procedures.

◆ Personal Information Breach Incidents

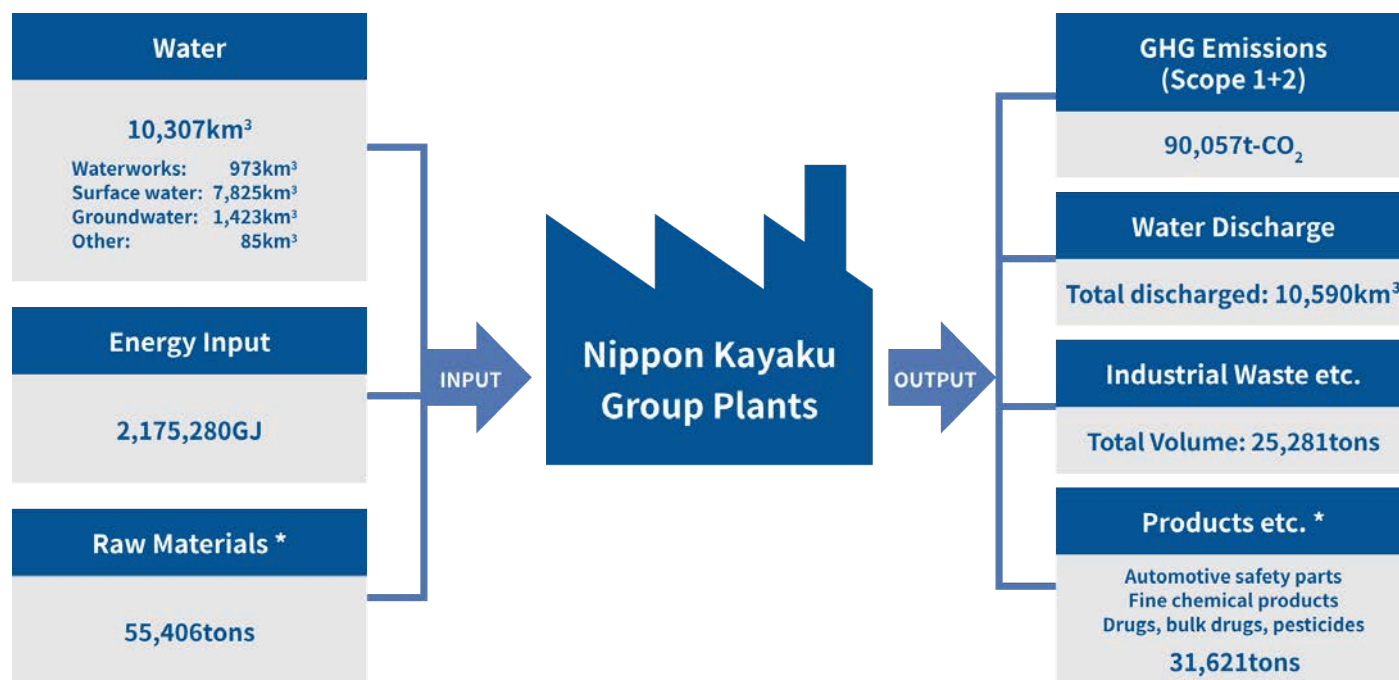
As of March 31, 2026, no personal information breach incidents had occurred.

ESG Aggregate Data

Environment

Material Flow

◆ Material Flow of Business Activities (FY2025)



Items listed below without additional notes represent combined domestic and overseas values.

* Nippon Kayaku alone

◆ Amounts of Raw Materials Used

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Principal raw materials	non-consolidated	tons	47,583	44,211	40,707	42,073	40,309
Auxiliary materials	non-consolidated	tons	18,529	17,026	12,512	16,189	14,002
Plastic packaging materials	non-consolidated	tons	266	389	180	299	240
Cardboard packaging materials	non-consolidated	tons	529	480	395	432	414
Other packaging materials	non-consolidated	tons	489	470	434	413	441
Total	non-consolidated	tons	67,396	62,576	54,227	59,405	55,406

* Products not included (goods stocked at plants)

◆ Energy Input Amounts

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Amount of energy input (heat quantity equivalent)	consolidated	GJ	-	-	2,062,745	2,236,017	2,175,280
Renewable energy	consolidated	GJ	-	-	29,060	37,035	232,629
Non-renewable energy sources	consolidated	GJ	-	-	2,033,685	2,198,982	1,942,651

* When converting electricity amounts into heat amounts for fuel, heat and electricity consumed in domestic and overseas business activities, electricity purchased from electricity companies is converted at 1MWh to 8.64GJ, while renewable energy such as solar power is converted at 1MWh to 3.6GJ.

GHG Emissions

◆ Scope1 • Scope2 (consolidated)

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Energy-derived CO ₂	consolidated	t-CO ₂ e	108,410	103,811	99,124	107,248	86,662
Non-energy-derived CO ₂	consolidated	t-CO ₂ e	3,230	2,745	2,463	2,023	1,111
N ₂ O	consolidated	t-CO ₂ e	112	169	339	449	390
CH ₄	consolidated	t-CO ₂ e	29	30	34	34	34
HFCs	consolidated	t-CO ₂ e	7	138	113	19	151
Other CFCs	consolidated	t-CO ₂ e	794	1,409	632	1,330	1,709
PFCs	consolidated	t-CO ₂ e	0	0	0	0	0
SF ₆	consolidated	t-CO ₂ e	0	0	0	0	0
NF ₃	consolidated	t-CO ₂ e	0	0	0	0	0
Total*¹	consolidated	t-CO₂e	112,584	108,301	102,705	111,102	90,057
Scope1	consolidated	t-CO ₂ e	37,819	35,581	30,158	32,521	29,367
Scope2 (Market base)	consolidated	t-CO ₂ e	74,765	72,720	72,546	78,581	60,690
Emission volume per unit of sales* ²	consolidated		0.61	0.55	0.51	0.5	0.37

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Emissions amounts (t-CO₂e) / consolidated sales figures (JPY million)

◆ Scope1 • Scope2 (non-consolidated)

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Energy-derived CO ₂	non-consolidated	t-CO ₂ e	63,168	62,267	57,748	63,228	52,406
Non-energy-derived CO ₂	non-consolidated	t-CO ₂ e	3,189	2,719	2,406	1,984	1,085
N ₂ O	non-consolidated	t-CO ₂ e	112	169	339	449	390
CH ₄	non-consolidated	t-CO ₂ e	29	30	34	34	34
HFCs	non-consolidated	t-CO ₂ e	3	110	49	0	63
Other CFCs	non-consolidated	t-CO ₂ e	336	622	70	70	15
PFCs	non-consolidated	t-CO ₂ e	0	0	0	0	0
SF ₆	non-consolidated	t-CO ₂ e	0	0	0	0	0
NF ₃	non-consolidated	t-CO ₂ e	0	0	0	0	0
Total*¹	non-consolidated	t-CO₂e	66,839	65,916	60,647	65,765	53,993

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Scope3

Category	Scope	Unit	2021	2022	2023	2024	2025
1 Purchased goods and services	consolidated	t-CO ₂ e	294,500	275,000	241,800	259,600	228,100
2 Capital goods	consolidated	t-CO ₂ e	26,800	29,600	33,400	55,900	45,800
3 Fuel- and energy-related activities (Not included in Scope 1 or Scope 2)	consolidated	t-CO ₂ e	22,300	21,000	20,500	22,700	23,900
4 Upstream transportation and distribution	consolidated	t-CO ₂ e	22,300	19,700	16,600	18,000	16,700
5 Waste generated in operations	consolidated	t-CO ₂ e	31,800	16,200	10,800	14,700	14,200
6 Business travel	consolidated	t-CO ₂ e	800	800	800	800	800
7 Employee commuting	consolidated	t-CO ₂ e	2,400	2,400	2,400	2,500	2,600
8 Upstream leased assets	consolidated	t-CO ₂ e	Included in Scope 1, 2, therefore not separately calculated				
9 Downstream transportation and distribution	consolidated	t-CO ₂ e	1,600	1,500	1,200	1,400	1,200
10/11 Processing of sold goods and Use of sold goods	consolidated	t-CO ₂ e	-	-	-	-	-
12 End-of-life treatment of sold products	consolidated	t-CO ₂ e	26,400	23,000	17,600	17,300	17,600
13 Downstream leased assets	consolidated	t-CO ₂ e	400	400	400	400	400
14/15 Franchise and Investments	consolidated	t-CO ₂ e	-	-	-	-	-
Total*¹	consolidated	t-CO₂e	429,300	389,600	345,000	393,300	351,300

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Calculation Method: As a general rule, CO₂ emission amounts are calculated with reference to emission factors published in the “Basic Guidelines for Supply Chain Greenhouse Gas Emission Calculations” provided by ministries of Environment and Economy, Trade and Industry, as well as by the IDEA Lab Safety Science Research Section of the National Institute of Advanced Industrial Science and Technology.

Energy Consumed

◆ Energy Consumed (Crude oil equivalent)

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Production, R&D and office departments	non-consolidated	1,000kL	40,325	38,583	32,634	35,646	34,285

◆ Energy Consumed

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Non-renewable fuels purchased and consumed (A) (Nuclear energy, coal, oil, natural gas etc.)	non-consolidated	MWh	165,494	153,390	137,447	149,994	212,850
Non-renewable electricity purchased (B)	non-consolidated	MWh	98,505	95,837	85,946	93,436	52,627
Non-renewable energy purchased (steam, heat, cooling, and others) (C)	non-consolidated	MWh	3,433	4,073	5,685	5,340	5,451
Renewable energy purchased and created (D) (Wind power, solar power, biomass, hydro-power, geothermal energy etc.)	non-consolidated	MWh	57	162	2,028	3,163	5,662
Non-renewable energy sold (E) (electricity, thermal, cooling)	non-consolidated	MWh	0	0	0	413	329
Total non-renewable energy used (A+B+C-E) *	non-consolidated	MWh	267,432	253,300	229,078	248,770	270,928

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Industrial waste and Pollutants

◆ Waste

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Non-hazardous waste		non-consolidated	tons	22,069	21,154	16,146	22,387	18,717
		Group companies	tons	1,199	1,242	1,087	1,271	1,202
		Total	tons	23,268	22,396	17,233	23,658	19,919
	General waste	non-consolidated	tons	673	648	464	410	249
		Group companies	tons	449	559	513	571	819
		Total	tons	1,122	1,207	977	981	1,068
	Industrial waste	non-consolidated	tons	21,396	20,506	15,682	21,977	18,648
		Group companies	tons	750	682	574	700	383
		Total	tons	22,146	21,188	16,256	22,677	18,851
Hazardous waste		non-consolidated	tons	6,503	6,467	4,828	5,838	5,297
		Group companies	tons	86	71	59	80	65
		Total	tons	6,589	6,538	4,887	5,918	5,362
	Source-specific hazardous industrial waste	non-consolidated	tons	146	182	182	355	394
		Group companies	tons	0	0	0	0	0
		Total	tons	146	182	182	355	394
Total* ¹		tons	29,857	28,934	22,119	29,576	25,281	
Types of waste	Sludge	non-consolidated	tons	2,309	2,338	2,291	2,100	1,877
		Group companies	tons	336	258	115	286	75
		Total	tons	2,645	2,596	2,406	2,386	1,952
	Waste oil	non-consolidated	tons	6,386	5,848	4,809	4,563	4,254
		Group companies	tons	87	71	59	72	65
		Total	tons	6,473	5,919	4,868	4,635	4,319
	Spent acid	non-consolidated	tons	2,185	1,523	1,116	1,321	1,493
		Group companies	tons	2	8	13	18	25
		Total	tons	2,187	1,531	1,129	1,339	1,518
	Waste alkali	non-consolidated	tons	15,784	16,064	11,219	17,717	14,915
		Group companies	tons	11	11	8	9	4
		Total	tons	15,795	16,075	11,227	17,726	14,919
	Plastic waste	non-consolidated	tons	888	885	788	780	700
		Group companies	tons	277	326	326	294	319
		Total	tons	1,165	1,211	1,114	1,074	1,019
	Others	non-consolidated	tons	1,021	962	751	1,744	775
		Group companies	tons	572	640	624	672	779
		Total	tons	1,593	1,602	1,375	2,416	1,554
Landfill amount		non-consolidated	tons	298	233	144	170	83
Recycling rates* ²		non-consolidated	%	82	87	84	87	85
Zero-emissions rates		non-consolidated	%	1	0.8	0.7	0.6	0.4

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Includes recovered and reused solvent

◆ PRTR substances

Indicators		Scope	Unit	2021	2022	2023	2024 ^{*2}	2025
PRTR substance emission amounts	Air	non-consolidated	tons	25.2	38.7	32.9	27.2	18.5
	Water regions	non-consolidated	tons	14.7	51.4	75	1.6	1.76
	Soil	non-consolidated	tons	0	0	0	0	0
	Total^{*1}	non-consolidated	tons	39.9	90.1	107.9	28.8	20.3

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Since FY2024, only PRTR substances have been published (FY2023 revisions to the law saw changes to the list of substances, with Japan Chemical Industry Association Survey substances excluded)

◆ Air Emissions

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Volatile Organic Compounds (VOC ^{*1})	non-consolidated	tons	52.1	38.7	32.9	57.3	45.3
Dichloromethane	non-consolidated	tons	3.6	3.2	2.7	4.9	2.6
Formaldehyde	non-consolidated	tons	0.15	0.13	0.13	0.04	0.05
NOx ^{*2}	non-consolidated	tons	7.7	8.3	6.7	3.9	5.5
	Group companies	tons	-	-	-	0.4	0.4
	Total	tons	-	-	-	4.3	6.0
SOx ^{*3}	non-consolidated	tons	0.7	0.9	0.8	0.42	1.22
	Group companies	tons	-	-	-	0.01	0.01
	Total	tons	-	-	-	0.43	1.23
Particulate matter ^{*4}	non-consolidated	tons	0.5	0.4	0.2	0.3	0.1
	Group companies	tons	-	-	-	6.4	10
	Total	tons	-	-	-	6.7	10.5

*1 VOC among PRTR and JCIA-designated substances

*2 NOx (Nitrogen Oxides: Produced when a substance combusts and reacts with nitrogen in the atmosphere, or when fuels or substances containing nitrogen compounds, such as coal, combust.) They not only cause air pollution such as photochemical smog and acid rain, but have detrimental effects on human respiratory organs.

*3 SOx (Sulfur oxides): Produced through the combustion of fossil fuels with sulfur content. Their reactions with moisture in the atmosphere produce sulfuric acid and sulfurous acid, making them a cause of both air pollution and acid rain.

*4 Particulate Matter: The solid particles (soot) of the soot and smoke produced by fossil fuel combustion are a cause of air pollution and also pneumoconiosis in people who inhale them in high concentrations.

◆ Wastewater Management

Indicators	Scope	Unit	2021	2022	2023	2024	2025
COD	consolidated	tons	223.6	243	274	261	207
Total phosphorus	consolidated	tons	11.2	7.1	18.5	1.69	5.0
Total nitrogen	consolidated	tons	73.5	114	68.5	89.4	80.8
SS [*]	consolidated	tons	49.9	49.2	44.6	54.7	47.2

* SS - Suspended solids: Refers to particulate matter of 2mm diameter or less either floating or suspended in water, including fine particles from minerals, plant and animal plankton or the carcasses of such, sewage, organic matter and metal sediments originating from plant wastewater. If present in large amounts, suspended solids can negatively affect water transparency and appearance, and – through impeding light-ray penetration – underwater photosynthesis as well

◆ Use of Water Resources (Consolidated)

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Amount of water taken	Waterworks	consolidated	thousand m ³	805	755	566	1,022	973
	Surface water (industrial water)	consolidated	thousand m ³	8,098	7,952	7,863	8,425	7,825
	Groundwater (well water)	consolidated	thousand m ³	1,946	1,836	1,847	1,593	1,423
	Others (reservoirs, rainwater storage)	consolidated	thousand m ³	343	265	205	120	85
	Total^{*1}	consolidated	thousand m³	11,192	10,808	10,481	11,160	10,307
	From water-stressed regions ^{*2}	consolidated	thousand m ³	33	29	28	103	-
Amount of water discharged ^{*3}	Sea areas	consolidated	thousand m ³	7,142	6,726	6,966	7,905	2,063
	Rivers	consolidated	thousand m ³	2,410	2,351	2,443	2,195	7,432
	Sewers	consolidated	thousand m ³	987	910	1,045	1,287	1,095
	Total^{*1}	consolidated	thousand m³	10,539	9,987	10,454	11,386	10,590
Amount of water recycled		consolidated	thousand m ³	0	0	0	0	0
Recycling rates		consolidated	%	0	0	0	0	0

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Using the Aqueduct Water Risk Atlas, sites with a water stress rating of 4 or higher on a five-level scale are classified as being located in water-stressed areas. The classification criteria for water stress were revised starting in FY2024.

*3 *Water of equal or higher quality is returned to the intake source

◆ Water Resource Use (non-consolidated)

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Amount of water taken	Waterworks	non-consolidated	thousand m ³	381	377	320	499	492
	Surface water (industrial water)	non-consolidated	thousand m ³	8,098	7,953	7,863	8,425	7,825
	Groundwater (well water)	non-consolidated	thousand m ³	1,848	1,769	1,804	1,554	1,391
	Others (reservoirs, rainwater storage)	non-consolidated	thousand m ³	0	17	28	30	20
	Total^{*1}	non-consolidated	thousand m³	10,327	10,116	10,015	10,508	9,728
	From water-stressed regions ^{*2}	non-consolidated	thousand m ³	0	0	0	0	0
Amount of water discharged ^{*3}	Sea areas	non-consolidated	thousand m ³	7,142	6,726	6,966	7,905	2,061
	Rivers	non-consolidated	thousand m ³	2,408	2,350	2,441	2,192	7,432
	Sewers	non-consolidated	thousand m ³	460	531	679	710	594
	Total^{*1}	non-consolidated	thousand m³	10,011	9,607	10,086	10,807	10,087
Amount of water recycled		non-consolidated	thousand m ³	0	0	0	0	0
Recycling rates		non-consolidated	%	0	0	0	0	0

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Using the Aqueduct Water Risk Atlas of water-stress levels, we have confirmed that all our business bases are located in areas of Level 3 water stress or below. Water-stress categories have changed from FY2024.

*3 Water of equal or higher quality is returned to the intake source

◆ Water-stress Investigation Results for Nippon Kayaku Group Manufacturing and R&D sites (FY2025)*¹

Region / Country Name		Unit	Water amounts used at each water stress				
			High	Medium-high	Medium	Low-medium	Low
Asia	Japan	thousand m ³ (Number of sites)	0	1,451 (2)	20 (3)	8,257 (5)	0
	China	thousand m ³ (Number of sites)	20 (1)	436 (3)	0	0	0
	Malaysia	thousand m ³ (Number of sites)	0	0	0	0	24 (1)
Europe	Czech Republic	thousand m ³ (Number of sites)	0	20 (1)	0	0	0
	Netherlands	thousand m ³ (Number of sites)	0	0	0	0	3 (1)
	United Kingdom	thousand m ³ (Number of sites)	1 (1)	0	0	0	0
North and Central America	United States	thousand m ³ (Number of sites)	65 (1)	0	0	2 (1)	0
	Mexico	thousand m ³ (Number of sites)	8 (1)	0	0	0	0
Total* ²		thousand m ³ (Number of sites)	94 (4)	1,907 (6)	20 (3)	8,259 (6)	27 (2)

*1 We are currently using the Aqueduct Water Risk Atlas to investigate these points.

*2 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Environmental Accounting

◆ Environmental Conservation Costs

Breakdown			Scope	Unit	2021		2022		2023		2024		2025	
					Invested amount	Costs	Invested amount	Costs	Invested amount	Costs	Invested amount	Costs	Invested amount	Costs
Inside business areas	Environmental pollution prevention	Air pollution prevention	non-consolidated	JPY million	37.1	124.2	68.1	141.9	40.5	103.4	210.4	93.1	215	76.7
		Water pollution prevention	non-consolidated	JPY million	266.9	178.9	206.7	186	0	186.3	90.2	165	119	130
		Underseepage prevention	non-consolidated	JPY million	4.9	5.6	7.2	5.1	5	8.3	3	9.2	6	9.7
		Prevention of noise pollution and vibrations	non-consolidated	JPY million	6	0	6	0	16.1	0.1	0	0.1	0	0
		Others	non-consolidated	JPY million	-	394.7	-	7	-	6.4	0	6.2	0	6.2
	Global environmental conservation		non-consolidated	JPY million	244.6	92.3	236.6	63.5	425.6	87.7	320.7	123.8	282.7	111.7
	Resource recycling		non-consolidated	JPY million	111.2	772.2	5.1	805.9	2.9	578.6	0	789.1	0	708.6
Upstream and downstream	Commissioning of container and package recycling		non-consolidated	JPY million	-	0.3	-	0.3	-	0.4	-	0.3	-	0
	Sewage treatment expenses		non-consolidated	JPY million	-	75.2	-	66.9	-	80	-	83.4	-	79.5
Management activities	System preparation and operation		non-consolidated	JPY million	-	174.9	-	93.3	-	85.9	-	60.9	-	135.9
	Environmental burden monitoring		non-consolidated	JPY million	-	38.3	-	38.4	-	39.9	-	31	-	40.6
	Information disclosure		non-consolidated	JPY million	-	6.3	-	6.3	-	6.3	-	6.3	-	0.1
	Education, training and others		non-consolidated	JPY million	-	59.3	-	59.6	-	60.2	-	3.1	-	3.1
	Greening up (tree planting, etc.)		non-consolidated	JPY million	0.5	43.9	0	70	0	59.4	1	74.8	3	82.3
R&D			non-consolidated	JPY million	-	39.2	-	158.3	-	85.5	-	147.4	-	186.8
Community activities			non-consolidated	JPY million	-	9	-	9.8	-	9.8	-	10.1	-	6.08
Environmental damage			non-consolidated	JPY million	-	0	-	0	-	0	-	0	-	12.9
Total*			non-consolidated	JPY million	670.8	2,014.5	529.7	2,054	490.2	1,751.4	624.3	1,604	625	1,590

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Economic Benefits of Environmental Protection Measures

Items for which we seek to derive benefits	Main economic benefit details		Scope	Unit	2021	2022	2023	2024	2025
Inside business area benefits	Environmental pollution prevention benefits	Air pollution prevention	non-consolidated	JPY million	0	0	0	0	0
		Water pollution prevention	non-consolidated	JPY million	0	3.5	0	0	0
		Reduction of contamination load charges	non-consolidated	JPY million	0.6	0.4	0.3	0.1	0.2
		Prevention of noise pollution and vibrations	non-consolidated	JPY million	0	0	0	0	0
	Climate change mitigation measures	Climate change mitigation measures	non-consolidated	JPY million	80.4	97.4	109.3	107.7	89.7
	Waste and recycling	Waste reduction	non-consolidated	JPY million	4.1	2.6	2.2	1.1	1.9
		Outside sales of renewable resources	non-consolidated	JPY million	17.3	25.9	38.2	8.8	34.4
		Others	non-consolidated	JPY million	7	40.9	49.7	87.8	71
Upstream and downstream benefits	Container recycling		non-consolidated	JPY million	54.2	38.3	38.8	46.8	6.2
Others			non-consolidated	JPY million	0	0	0	0	0
Total*			non-consolidated	JPY million	167.1	205.5	238.5	252.3	203.4

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Environmental Capital Investment

Breakdown	Scope	Unit	2021	2022	2023	2024	2025
Air pollution prevention equipment	non-consolidated	JPY million	37.1	68.1	40.5	210.4	215
Water pollution prevention equipment	non-consolidated	JPY million	266.9	206.7	304.5	90.2	119
Underseepage prevention equipment	non-consolidated	JPY million	4.9	7.2	5	3	6
Equipment to prevent noise pollution and vibrations	non-consolidated	JPY million	6	6	16.1	0	0
Industrial waste processing equipment	non-consolidated	JPY million	111.2	5.1	2.9	0	0
Greening up plants (through tree-planting, etc.)	non-consolidated	JPY million	0.5	3.3	0	1	3
Energy saving; Global warming prevention	non-consolidated	JPY million	244.6	236.6	425.6	320.7	283
Total*	non-consolidated	JPY million	671.3	533	794.7	625.3	625

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Safety and Health Capital Investment

Breakdown	Scope	Unit	2021	2022	2023	2024	2025
Measures against equipment deterioration	non-consolidated	JPY million	490.9	245	454.9	750.6	987.2
Safety and work environment measures	non-consolidated	JPY million	171.4	86.6	281.6	108.5	-
Measures against fires caused by explosion and leaks	non-consolidated	JPY million	14.1	60.6	54.4	16.8	6
Measures regarding natural disasters such as earthquakes	non-consolidated	JPY million	4.4	6.5	65.2	282.2	13
Others	non-consolidated	JPY million	6.4	32	0	0	258
Total*	non-consolidated	JPY million	687.1	430.7	856.1	1158.1	1,264

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

ISO Certification Status

◆ ISO14001 Certification

Area	Certification secured	Certifying Institution	Certification Number
Safety Systems Group	March 1999	JIA-QA	JE0054I
Aero Business Development Division			
Joetsu Plant	August 2002	SGS	JP15/071413
Fukuyama Plant	April 1999	JCQA	JCQA-E-0062
Asa Plant	September 1998	JCQA	JCQA-E-0987
Tokyo Plant	December 1998	JCQA	JCQA-E-0036
Takasaki Plant	January 2000	JCQA	JCQA-E-0101
Kashima Plant	March 1999	JCQA	JCQA-E-0046
Kayaku Safety Systems Europe	December 2002	DNV	250302-2017-AE-CZS-RvA
Kayaku Safety Systems (Huzhou)	June 2016	SNQA	42144
Kayaku Safety Systems de Mexico	June 2023	LRQA	00041092
Kayaku Safety Systems Malaysia	April 2017	SGS	MY17/02395
WUXI POLATECHNO OPTICS	April 2006	UCC	02420E31011518R2M
KAYAKU CHEMICAL (WUXI)	August 2006	UCC	02421E32060755R0M
WUXI ADVANCED KAYAKU CHEMICALS	July 2007	CQC	00124E33036R5M/3200
Cover rate*			70%

* The proportion of production facilities with ISO14001 certification owned by either Nippon Kayaku or its consolidated subsidiaries.

* The Nippon Kayaku Co., Ltd. Cover Rate (the proportion of production facilities with ISO14001 certification) stands at 100%

Violations and accidents

◆ Cases of Environmentally-related Violations and Accidents

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of violations of environmental laws and regulations	consolidated	cases	0	0	0	0	0
Among the above, number of water-resource-related legal violations (water quality, water quantity etc.)			0	0	0	0	0
Total number of environmental accidents	consolidated	cases	0	0	0	0	3
Number of major environmental accidents	consolidated	cases	0	0	0	0	0
Violations of laws and regulations; fines issued for environmental accidents; punishment costs	consolidated	yen	0	0	0	0	0

Industrial Waste Treatment Facility Operation and Maintenance Status

➤ [Industrial Waste Treatment Facility Operation and Maintenance Status \(Japanese\)](#)

Employee Situation

◆ Employee Composition

Indicators	Category	Scope	Unit	2021	2022	2023	2024	2025
Regular employees	Male	consolidated	persons	-	3,883	3,991	3,992	3,998
	Female	consolidated	persons	-	1,797	1,832	1,850	1,800
	Neither / Don't know	consolidated	persons	-	-	2	0	2
	Total	consolidated	persons	-	5,680	5,825	5,842	5,800
	Female rate	consolidated	%	-	31.6	31.5	31.7	31.0
	Male	non-consolidated	persons	1,754	1,748	1,770	1,774	1,772
	Female	non-consolidated	persons	330	333	343	352	356
	Neither / Don't know	non-consolidated	persons	-	-	0	0	0
	Total	non-consolidated	persons	2,084	2,081	2,113	2,126	2,128
	Female rate	non-consolidated	%	15.8	16.0	16.2	16.6	16.7
Contracted/ part-time employees *	Male	consolidated	persons	-	-	444	398	402
	Female	consolidated	persons	-	-	246	252	264
	Neither / Don't know	consolidated	persons	-	-	0	0	0
	Total	consolidated	persons	-	726	690	651	666
	Male	non-consolidated	persons	412	419	382	334	345
	Female	non-consolidated	persons	194	194	182	190	209
	Neither / Don't know	non-consolidated	persons	0	0	0	0	0
	Total	non-consolidated	persons	606	613	564	524	554
Temp staff	Male	consolidated	persons	-	89	90	102	152
	Female	consolidated	persons	-	132	103	112	133
	Neither / Don't know	consolidated	persons	-	-	0	0	1
	Total	consolidated	persons	-	221	193	214	286
	Male	non-consolidated	persons	19	24	26	30	80
	Female	non-consolidated	persons	28	44	37	33	42
	Neither / Don't know	non-consolidated	persons	-	-	0	0	0
	Total	non-consolidated	persons	47	68	63	63	122

* Average number of persons per year

◆ Management Composition

Indicators	Category	Scope	Unit	2021	2022	2023	2024	2025
Below Section Chief	Male	consolidated	persons	-	-	-	660	673
	Female	consolidated	persons	-	-	-	136	143
	Total	consolidated	persons	-	-	-	792	816
	Female rate	consolidated	%	-	-	-	17.2	17.5
Below Section Chief	Male	non-consolidated	persons	321	412	418	414	416
	Female	non-consolidated	persons	38	42	43	40	44
	Total	non-consolidated	persons	359	454	461	454	460
	Female rate	non-consolidated	%	10.5	9.3	10.3	8.8	9.6
Section Chief and above	Male	consolidated	persons	-	-	-	175	177
	Female	consolidated	persons	-	-	-	31	32
	Total	consolidated	persons	-	-	-	203	209
	Female rate	consolidated	%	-	-	-	15.3	15.3
Section Chief and above	Male	non-consolidated	persons	68	66	62	62	61
	Female	non-consolidated	persons	4	5	3	3	3
	Total	non-consolidated	persons	72	71	65	65	64
	Female rate	non-consolidated	%	5.5	7	4.6	4.6	4.7
Overall	Male	consolidated	persons	-	-	-	830	845
	Female	consolidated	persons	-	-	-	171	184
	Total	consolidated	persons	-	-	-	995	1,029
	Female rate	consolidated	%	-	-	-	17.2	17.9
Overall	Male	non-consolidated	persons	476	478	480	476	477
	Female	non-consolidated	persons	47	47	46	43	47
	Total	non-consolidated	persons	523	525	526	519	524
	Female rate	non-consolidated	%	9	9	8.8	8.3	9

◆ Age

Indicators	Category	Scope	Unit	2021	2022	2023	2024	2025
Age groups	Under 18	consolidated	persons	-	-	-	0	0
	18—19	consolidated	persons	-	-	-	37	40
	20—29	consolidated	persons	-	-	-	873	1,135
	30-39	consolidated	persons	-	-	-	1,612	1,749
	40-49	consolidated	persons	-	-	-	1,703	1,665
	50-59	consolidated	persons	-	-	-	1,201	1,232
	Over 60	consolidated	persons	-	-	-	162	162
Average age	Male	consolidated	age	-	-	-	40.4	40
	Female	consolidated	age	-	-	-	40.9	40.3
	Overall	consolidated	age	-	-	-	40.5	39.9
Age groups	Under 18	non-consolidated	persons	-	-	-	0	0
	18—19	non-consolidated	persons	-	-	-	18	16
	20—29	non-consolidated	persons	376	362	359	353	358
	30-39	non-consolidated	persons	575	578	610	617	611
	40-49	non-consolidated	persons	585	589	559	554	568
	50-59	non-consolidated	persons	547	498	580	579	569
	Over 60	non-consolidated	persons	1	1	5	5	6
Average age	Male	consolidated	age	-	-	-	40.4	40
	Female	consolidated	age	-	-	-	40.9	40.3
	Overall	consolidated	age	-	-	-	40.5	39.9
Average age	Male	non-consolidated	age	40.2	40.4	40.6	40.6	40.9
	Female	non-consolidated	age	42.8	42.9	42.9	42.6	42
	Overall	non-consolidated	age	40.6	40.8	41	41	41.1

◆ Rates of disabled employees

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Disabled employees	consolidated	persons	-	92	68	82	79
Disabled employment rate ^{*1}	consolidated	%	-	1.44	1.04	1.26	1.22
Disabled employment rate ^{*2}	non-consolidated	%	2.00	1.98	1.93	2.11	2.33
(Statutory employment rate)	non-consolidated	%	2.3	2.3	2.3	2.5	2.5

*1 Disabled employee numbers have been removed from the total of regular employees, contracted employees and part-time employees, hence calculation methods differ from those used for statutory employment rates.

*2 Each year's data is accurate as of Jun 1st

Comfortable Working Environment

◆ Continuous Service

Indicators	Category	Scope	Unit	2021	2022	2023	2024	2025
Average number of years of continuous service	Male	consolidated	years	-	-	-	12.2	12.2
	Female	consolidated	years	-	-	-	11	10.6
	Overall	consolidated	years	-	-	-	11.8	11.8
Average number of years of continuous service	Male	non-consolidated	years	14.5	14.4	14.9	14.9	14.9
	Female	non-consolidated	years	16.6	16.6	16.4	15.4	14.3
	Overall	non-consolidated	years	14.9	15.1	15.1	15	14.8

◆ Employees leaving the company

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Regular employees leaving the company for personal reasons	consolidated	persons	-	535	282	331	313
Rate of regular employees leaving the company for personal reasons	consolidated	%	-	9.4	4.8	5.7	5.4
Regular employees leaving the company for personal reasons	non-consolidated	persons	48	50	51	61	42
Turnover rate	non-consolidated	%	2.3	2.3	2.9	2.8	2.6
Rate of employees leaving the company for personal reasons	non-consolidated	%	2.1	2.4	2.4	2.9	2
Employees leaving the company within 3 years of joining [*]	non-consolidated	persons	7	4	5	6	12
Rate of employees leaving the company within 3 years of joining	non-consolidated	%	4	2	3	3.5	6.3

* The number of new graduate hires in each financial year quitting within the first 3 years

◆ Transfers

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Transfers	non-consolidated	persons	2	3	3	7	28

◆ Working hours

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Average number of annual hours worked per worker	consolidated	hours	-	-	-	1,916	1,893
Average monthly overtime hours	consolidated	hours	-	-	-	10.7	16.14
Average number of annual hours worked per worker	non-consolidated	hours	1,911	1,896	1,876	1,883	1,899
Average monthly overtime hours	non-consolidated	hours	12.7	11.9	11.2	11.8	12

◆ Paid Leave

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Average number of days of annual paid leave taken	consolidated	days	11.1	12	13.3	22.4	21.7
Annual Paid Leave take-up rate	consolidated	%	59.8	63.7	72.8	85.7	72
Average number of days of annual paid leave taken	non-consolidated	days	11.1	12	13.3	13.4	13.9
Annual Paid Leave take-up rate	non-consolidated	%	59.8	63.7	72.8	73	74.4

◆ Childcare

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Commencement of Maternity Leave ^{*1}		non-consolidated	persons	11	22	21	14	15
Commencement of Childcare Leave ^{*1}	Male	non-consolidated	persons	9	62	50	56	55
	Female	non-consolidated	persons	11	22	16	19	11
Childcare Leave System take-up rate ^{*2}	Male	non-consolidated	%	27.2	69.6	78.5	100	90.3
	Female	non-consolidated	%	100	100	100	100	100
Post-childbirth and post-Childcare Leave return-to-work rate	Male	non-consolidated	%	100	100	100	100	100
	Female	non-consolidated	%	100	100	100	100	100
Post-childbirth and post-Childcare Leave retention rate	Male	non-consolidated	%	100	100	100	100	100
	Female	non-consolidated	%	100	100	100	100	100
Reduced Working Hours for Childcare take-up rate	Male	non-consolidated	persons	1	2	3	3	2
	Female	non-consolidated	persons	42	48	52	56	69

*1 Not including leave taken during the last financial year which crosses over into this financial year

*2 FY2022 calculations for the rates of Childcare Leave and Leave for the Purpose of Childcaring have been made using the methods in Article 71.4.2.

◆ Nursing Care

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Employees taking Nursing Care Leave	non-consolidated	persons	0	0	1	0	2
Nursing Care Leave System users	non-consolidated	persons	0	2	3	2	5

◆ Pay

Indicators		Scope	Unit	2021	2022	2023	2024	2025
Average annual pay	Male	non-consolidated	JPY thousand	7,683	8,003	7,704	7,979	8,207
	Female	non-consolidated	JPY thousand	6,366	6,707	6,336	6,632	6,734
	Overall	non-consolidated	JPY thousand	7,477	7,801	7,488	7,763	7,964
Gender wage differentials [*]	Full-time workers	non-consolidated	%	-	75.6	82.2	83.1	82.1
	Part-time & fixed-term workers	non-consolidated	%	-	53	70.9	71.2	74
	All workers	non-consolidated	%	-	72.3	71.4	72.5	71.8

* For additional information on the gender pay gap, please refer to [the Compensation Management](#) section of the Human Capital page.

◆ Freedom of Association

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of union members ^{*1}	consolidated	persons	-	-	-	3,532	3,447
Union membership rate ^{*2}	consolidated	%	-	-	-	72	74
Number of union members ^{*1}	non-consolidated ^{*3}	persons	1,695	1,687	1,697	1,697	1,746
Union membership rate ^{*2}	non-consolidated ^{*3}	%	100	100	100	100	100

*1 The number of persons for each financial year is accurate as of March 31st

*2 Number of union members/number of qualified persons (excluding managers and persons specified in agreements)

*3 Includes some related companies

◆ Employee Engagement Survey Results

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Response rate	non-consolidated	%	-	-	85.9	83.9	86.2
Employee engagement	non-consolidated	score	-	-	47.1	48.4	49.7

◆ Number of Labor Standards Law Violations

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of labor standard violations	consolidated	cases	-	1	0	1	2
Number of labor standard violations	non-consolidated	cases	-	1	0	1	2

Recruitment

◆ Recruitment

Indicators	Category	Scope	Unit	2021	2022	2023	2024	2025
New employees (graduates)* ¹	Male	consolidated	persons	-	-	-	119	63
	Female	consolidated	persons	-	-	-	53	31
	Total	consolidated	persons	-	-	-	171	94
	Female rate	consolidated	%	-	-	-	31	33
New employees (graduates)* ¹	Male	non-consolidated	persons	41	37	60	43	32
	Female	non-consolidated	persons	7	6	12	15	14
	Total	non-consolidated	persons	48	43	72	58	46
	Female rate	non-consolidated	%	14.5	14	16.67	25.9	30.4
New employees (mid-career)* ²	Male	consolidated	persons	-	-	-	174	178
	Female	consolidated	persons	-	-	-	150	113
	Total	consolidated	persons	-	-	-	324	291
	Female rate	consolidated	%	-	-	-	46.3	38.8
New employees (mid-career)* ²	Male	non-consolidated	persons	32	45	44	45	37
	Female	non-consolidated	persons	7	10	15	19	16
	Total	non-consolidated	persons	39	55	59	64	53
	Female rate	non-consolidated	%	17.9	18.2	25.4	29.7	30.2

*1 Numbers entering the company in the April of the following financial year

*2 Numbers entering the company between the April of one financial year and the March of the following financial year

◆ Employment of retired employees

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Employment of retired employees	non-consolidated	persons	22	29	30	33	39
Employment rate of retired employees	non-consolidated	%	84.6	85.2	85.7	68.75	70.9

Human Resources Development

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Training hours per regular employee	non-consolidated	hours	13	15	17.7	15	18
Total training hours	non-consolidated	hours	27,092	31,045	37,465	31,915	38,753
Amount invested in education and training per employee	non-consolidated	yen	66,606	83,002	76,565	72,015	68,719

Work Safety & Health

◆ Occupational Safety and Health Management System (ISO45001) Certified Business Sites

Business Site	Certification secured	Certifying Institution	Certification Number
Kayaku Safety Systems (Huzhou)	January 2023	NQA	132021
Cover rate*			5%

* The proportion of production facilities with ISO45001 certification owned by either Nippon Kayaku or its consolidated subsidiaries
Even business sites without ISO45001 certification have Occupational Safety and Health Management Systems of equivalent standard.

◆ Occupational Hazards

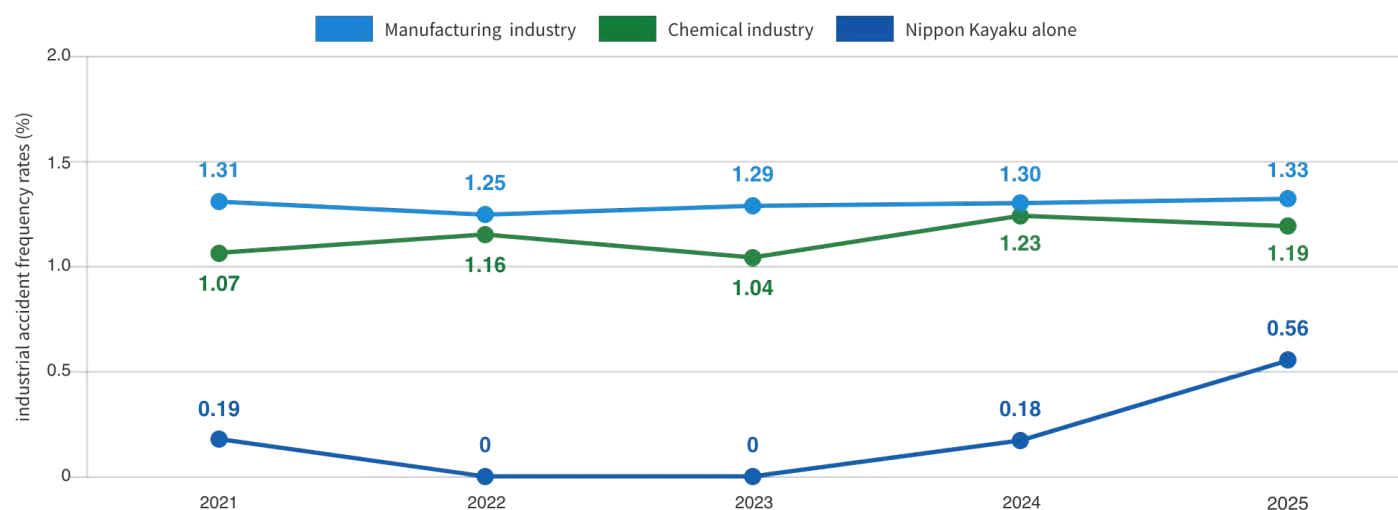
Indicators		Scope	Unit	2021	2022	2023	2024	2025
Number of work-related accidents resulting in death and other serious accidents		non-consolidated	cases	0	0	0	0	1
Number of work-related employee deaths	Regular employees	consolidated	persons	1	0	0	0	0
	Contracted employees / part-time employees	consolidated	persons	0	0	0	0	0
	Partner company employees* ¹	consolidated	persons	0	0	0	0	0
Rate of Lost Time Injuries	Regular employees	non-consolidated	*2	0.19 (1cases)	0 (0cases)	0 (0cases)	0 (0cases)	0.56 (3cases)
	Contracted employees / part-time employees	non-consolidated	*2	0	0	0	1.12	0
	Partner company employees* ¹	non-consolidated	*2	0	0	0	2.12	7.45
	Employees	Group companies	*2	-	-	1.5 (9people)	1.89 (12people)	1.31 (8people)
Lost Time Injury Intensity Rate		non-consolidated	*3	0	0	0	0.0004	0.0377
Number of violations of Occupational Safety and Health-related regulations and standards		non-consolidated	cases	0	0	0	0	0

*1 Partner company employees: contractor (company) employees, temp (company) staff

*2 Occupational hazard-related deaths and injuries per every 1 million actual working hours

*3 Number of working days lost per every 1000 actual working hours

Trends in Industrial Accident Frequency Rates



◆ Principal Safety Education Conducted

Indicators	Scope	Unit	2021	2022	2023	2024	2025
New Hire Training*	non-consolidated	persons	41	46	60	72	58
New Manager Training*	non-consolidated	persons	54	57	42	29	41

* Held every year

◆ Employee Health

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Regular health check take-up rate* ¹	non-consolidated	%	100	100	100	100	100
Stress-check take-up rate* ¹	non-consolidated	%	98.1	97.9	98	96.6	97.6
Proportion of "highly-stressed" persons	non-consolidated	%	10.6	10	10.1	10.1	8.8
Absenteeism* ²	non-consolidated	%	—	—	—	—	0.75
Presenteeism* ¹ * ³	non-consolidated	—	—	—	4.1	4.1	4
Mental health-related investments	non-consolidated	JPY million	13	12.6	12.6	10.8	10.2

*1 Excluding employees on leave.

*2 Absenteeism: Inability to attend work due to illness, poor health, or other health-related reasons. Calculated as follows: (Total number of days of absence due to non-work-related illness or injury, medical leave, and personal absence ÷ Scheduled working days) × 100

*3 Presenteeism: A condition in which employees continue working despite physical or mental health issues, resulting in increased errors, reduced concentration, and diminished work performance. In Japan, this is sometimes referred to as "working while ill." It is evaluated using the Workplace Outcome Suite (WOS). Higher scores on the five-point scale indicate better outcomes.

Human Rights

◆ Human Rights Training

Training type	Main contents	Mainly aimed at	FY	Training format	No. of times	Average take-up rate
Sustainability training	• Nippon Kayaku Group Human Rights Policy, Human Rights Initiatives Required of Companies	Executives, employees, (including contract and part-time employees), temporary employees	2025	e-learning	1	89%

* Held every year

Quality

◆ Business Sites with Quality Management System Certification

Business Site Name	ISO9001	ISO13485	IATF16949	ISO22000	AS9100D
Safety Head Plant (Himeji)					
Safety Systems Group			●		
Research & Development Head Office					
Polatechno Group					
Joetsu Plant	●				
WUXI POLATECHNO OPTICS					
Fukuyama Plant					
Asa Plant					
Tokyo Plant	●				
Fine Chemicals Business Unit					
Fine Chemicals Research Lab					
Taiwan Nippon Kayaku (Fine Chemicals Business Unit)					
Takasaki Plant	●	●			
Pharmaceuticals Group					
Pharmaceuticals Research Laboratories					
Kashima Plant	●				
Agrochemicals Group					
Agrochemicals Laboratories					
Kayaku Safety Systems Europe			●		
Kayaku Safety Systems (Huzhou)			●		
Kayaku Safety Systems de Mexico			●		
Kayaku Safety Systems Malaysia			●		
MOXTEK	●				
Dejima Optical Films	●				
RaySpec	●				
KAYAKU CHEMICAL (WUXI)	●				
Kayaku Advanced Materials	●	●			●
WUXI ADVANCED KAYAKU CHEMICALS	●				
NIPPONKAYAKU FOOD TECHNO	●			●	

◆ Certification Status for GMP Approval

Business Site Name	Principal certifying countries
Takasaki Plant	Japan, America, Europe

Quality Education

◆ Attendance Results (Japan)

Training Type	Contents	Attendees in FY2025	Total
Why? Why? Analysis Training	• Root cause analysis at the time of a problem • Drafting reoccurrence prevention measures • Practical exercises	47 (41 males, 6 females)	310 (Since FY2020)
Measures Against Human Error Training	• Extracting human error risks • Drafting advance prevention measures • Horizontal expansion of prevention activities	63 (51 males, 12 females)	973 (Since FY2020)
Quality Training for New Hires	• The relationship between Quality the KAYAKU spirit • "Quality Control for Everyone"; 7 tools for Quality Control • ISO standards and accreditation	46 (32 males, 14 females)	363 (Since FY2021)
Monthly Quality Lecture	Seminar on Quality Defect Prevention "Communication and Psychological Security protect Quality and People"	189 (146 males, 43 females)	492 (Since FY2023)

R&D

Indicators	Scope	Unit	2021	2022	2023	2024	2025
R&D costs	consolidated	JPY billion	13	13.3	19.8	15	12.6
R&D costs as a percentage of sales	consolidated	%	7	6.7	9.8	6.7	5.2

CSR

Indicators	Scope	Unit	2021	2022	2023	2024	2025
CSR expenditure	non-consolidated	JPY million	154	149	158	93	72
Total donations	non-consolidated	JPY million	123	120	126	90	68
Other CSR expenditures	non-consolidated	JPY million	31	29	32	3	4

Governance

Corporate Governance

◆ Board Member Composition*

Indicators	Scope		Unit	2021	2022	2023	2024	2025
Directors	Inside	Male	persons	6	6	6	6	5
		Female	persons	0	0	0	0	0
		Total	persons	6	6	6	6	5
	Outside (Independent)	Male	persons	3 (3)	3 (3)	3 (3)	3 (3)	3 (3)
		Female	persons	0	0	1 (1)	1 (1)	1 (1)
		Total	persons	3 (3)	3 (3)	4 (4)	4 (4)	4 (4)
	Overall Total (Independent)		persons	9 (3)	9 (3)	10 (4)	10 (4)	9 (4)
Average term			years	3	4	4.6	3.5	3.3
Independent Outside Director Percentage (Results)			%	33	33	40	40	44
Female Director Percentage			%	0	0	10	10	10
Executive Directors			persons	6	6	6	6	5

* Each year's data is accurate as of the Shareholders Meeting yearly held on June

◆ Audit & Supervisory Board Member Composition *

Indicators	Scope		Unit	2021	2022	2023	2024	2025
Auditors	Inside	Male	persons	1	1	1	1	2
		Female	persons	1	1	1	1	0
		Total	persons	2	2	2	2	2
	Outside (Independent)	Male	persons	3 (2)	3 (3)	3 (3)	3 (3)	3 (3)
		Female	persons	0	0	0	0	0
		Total	persons	3 (2)	3 (3)	3 (3)	3 (3)	3 (3)
	Overall Total (Independent)		persons	5 (2)	5 (3)	5 (3)	5 (3)	5 (3)
Average term		years	3	4	4.4	1.2	2.4	
Independent Outside Auditor Percentage (Results)		%	40	60	60	60	60	
Female Auditor Percentage		%	20	20	20	20	0	

* Each year's data is accurate as of the Shareholders Meeting yearly held on June

◆ Number of Committee Meetings Held

	Meeting Frequency	Meetings Held				
		2021	2022	2023	2024	2025
Board of Directors	Monthly	14	14	14	14	15
Nominations & Remuneration Advisory Committee	Whenever necessary	5	6	6	7	5
Sustainable Management Meeting	Weekly	48	50	48	47	46
Executive Directors Meeting	Quarterly	4	4	4	4	4
Management Strategy Meeting	Twice a year	2	2	2	2	2
Audit & Supervisory Board	Monthly	12	12	12	12	12
Ethics Committee	Twice a year	2	2	2	2	2
Risk Management Committee	Twice a year	2	2	4	2	2
Environment, Safety and Quality Management Committee	Twice a year	2	2	2	2	2
Research & Development Management Committee	Twice a year plus convened ad hoc by the chairman when required	3	2	2	2	2

* Each financial year's data is taken from April to March

◆ Directors' Attendance at Committee Meetings (FY2025) *

Executive Title	Name	Board Meeting attendance	Nominations & Remuneration Advisory Committee attendance
President and Representative Director	Shigeyuki Kawamura	15/15	4/4
Senior Managing Director	Hiroshi Shimada	15/15	-
Member of the Board	Shinji Inoue	15/15	-
Member of the Board	Makoto Takeda	15/15	5/5
Member of the Board	Yasuhito Kato	12/12	-
Outside Director (Independent)	Yasuyuki Fujishima	14/15	5/5
Outside Director (Independent)	Seiichi Fusamura	15/15	5/5
Outside Director (Independent)	Ikuko Akamatsu	14/15	5/5
Outside Director (Independent)	Mitsuhiro Tsubakimoto	12/12	4/4
Average rate of attendance		98%	100%

* Data taken from April 2025 to March 2026

◆ Audit & Supervisory Board Members Attendance at Committee Meetings (FY2025) *

Position	Name	Board Meetings attended	Auditor attendance
Standing Auditor	Nagafumi Saito	12/12	10/10
Full-time Auditor	Yoichiro Wada	15/15	12/12
Outside Auditor (Independent)	Ichiro Wakasa	13/15	11/12
Outside Auditor (Independent)	Atsushi Iwasaki	15/15	12/12
Outside Auditor (Independent)	Kyoichi Toriyama	15/15	12/12
Average rate of attendance		96%	98%

* Data taken from April 2025 to March 2026

◆ Executive Remuneration *

Category		Unit	2021	2022	2023	2024	2025
Directors	Total remuneration amount	JPY million	410	382	349	419	366
(Outside Directors excepted)	Number of directors concerned	persons	8	6	8	9	7
Auditors	Total remuneration amount	JPY million	45	45	45	46	47
(Outside Directors excepted)	Number of directors concerned	persons	3	2	3	2	3
Outside Directors	Total remuneration amount	JPY million	55	57	71	75	75
	Number of directors concerned	persons	6	7	7	9	8
Total		JPY million	510	484	465	540	488

* The above figures and remuneration amounts for directors and auditors include those of directors retiring at the time of the Shareholders Meeting yearly held on June. Furthermore, our outside directors have not received any remuneration from Nippon Kayaku Group companies.

◆ Remuneration for CPA Auditors (consolidated)

Indicators	Unit	2021	2022	2023	2024	2025
Remuneration based on audit and certification work	JPY million	80	73	79	86	82
Remuneration not based on audit work	JPY million	0	0	0	0	0
Total	JPY million	80	73	79	86	82

◆ Categories of Shares Issued (As of 2026-03-31)

Category	Number of shares	Number of voting shares	Details
Non-voting shares	-	-	-
Restricted voting shares (treasury stocks etc.)	-	-	-
Restricted voting shares (other)	-	-	-
Full voting shares (treasury stocks etc.)	(treasury stocks) Common shares 11,497,100	-	-
	(Mutually-held shares) Common shares 28,000	-	-
Full voting shares (other)	Common shares 148,193,700	1,481,937	-
Shares of less than one unit*	281,200	-	-
Total number of shares issued	160,000,000	-	-
General shareholder voting shares	-	1,481,937	-

* Shares of less than one unit include 3 of our own company's treasury stocks.

Compliance

◆ Inside Whistleblowing Cases

Contents of Complaints and Consultations	Scope	Unit	2021	2022	2023	2024	2025
Harrasment (power harrasment, sexual harrasment, etc.)	non-consolidated	cases	2	7	16	8	6
	Group companies	cases	-	-	-	5	1
Violations of company rules or manners	non-consolidated	cases	0	2	3	6	2
	Group companies	cases	-	-	-	3	1
Work or labor-related	non-consolidated	cases	1	3	5	3	0
	Group companies	cases	-	-	-	0	0
Others	non-consolidated	cases	1	4	3	0	2
	Group companies	cases	-	-	-	0	1
Total	non-consolidated	cases	4	16	27	25	13

◆ Number of Whistleblowing Complaints and Consultations from Suppliers

Whistleblowing	Scope	Unit	2021	2022	2023	2024	2025
Whistleblowing complaints and consultations from suppliers	non-consolidated	cases	0	1	0	4	0

Anti-Corruption

◆ Employees punished, fined or dismissed for causing Anti-Corruption Policy violations

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of violations of anti-corruption-related policies	non-consolidated	cases	0	0	0	0	0
Employee punishments and dismissals	non-consolidated	cases	0	0	0	0	0
Corruption-related fines issued	non-consolidated	yen	0	0	0	0	0
Applications of corruption-related penalties	non-consolidated	cases	0	0	0	0	0

◆ Political Donations

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Political donations	non-consolidated	10,000 yen	104	106	89	89	80

Information Security

◆ Number of Critical Security Incident cases*

Indicators	Scope	Unit	2021	2022	2023	2024	2025
Number of Critical Security Incident cases*	consolidated	cases	-	-	0	0	0

* Levels of security incident criticality are determined by our Information Risk Subcommittee.

◆ Business Sites Certified by the Trusted Information Security Assessment Exchange (TISAX), (concerned with the global automotive industry supply chain)

Business Site	Certification secured	Registered for inspection with	Certification Number
Kayaku Safety Systems Europe	January 2023	DNV	SW215F
Kayaku Safety Systems de Mexico	January 2023	TUV NORD DE MEXICO	S6485M
Kayaku Safety Systems Malaysia	May 2024	ENX ASSOCIATION	S5LX79
Kayaku Safety Systems (Huzhou) Co., Ltd.	October 2025	ENX ASSOCIATION	L5VTHP

Editorial Policy

The purpose of this Nippon Kayaku Group Sustainability Website is to help all our stakeholders (employees, customers, suppliers, shareholders, investors and local communities) gain a deeper understanding of our Group's sustainability initiatives. We are utilizing various website features to publish a comprehensive collection of policies, approaches, systems, targets, results, initiatives and quantitative data. We determine these initiatives, and subsequently report on them, via reference to various guidelines and consideration of the balance between their importance to wider society and their importance to our Group. We also issue an annual Nippon Kayaku Group Sustainability Report with the purpose of documenting our sustainability website contents.

Reporting Period

FY 2025 (Apr 1st 2025 to Mar 31st 2026)

A section of the data within pertains to the period Jan 1st 2025 to Dec 31st 2025.

Certain reports on activities and initiatives may also include information from before and/or after the above periods (when providing the latest information).

Report Focus

Nippon Kayaku Co., Ltd.

Consolidated Subsidiary Companies

- NIPPON KAYAKU AMERICA, INC.
- Nippon Kayaku Korea Co., Ltd
- ○ Kayaku Safety Systems Europe
- ○ Kayaku Safety Systems (Huzhou) Co., Ltd
- ○ Kayaku Safety Systems de Mexico S.A. de C.V.
- ○ Kayaku Safety Systems Malaysia Sdn.Bhd.
- POLATECHNO CO., LTD
- ○ MOXTEK, Inc.
- ○ WUXI POLATECHNO OPTICS CO., LTD
- Dejima Tech B.V.
- ○ Dejima Optical Films B.V.
- ○ RaySpec Ltd.
- NIKKA FINE TECHNO CO., LTD
- Euro Nippon Kayaku GmbH
- Kowa Sangyo Co., Ltd
- ○ KAYAKU CHEMICAL (WUXI) CO., LTD
- ○ KAYAKU Advanced Materials Inc.
- Gilmore Road Property, LLC
- ○ Teikoku Taping System Co., Ltd
- ○ WUXI ADVANCED KAYAKU CHEMICAL CO., LTD
- Shanghai Kayaku International Trading Co., Ltd
- Nippon Kayaku (Thailand) Co., Ltd
- ○ NIPPON KAYAKU FOOD TECHNO CO., LTD
- Taiwan Nippon Kayaku Co., Ltd
- Wako Toshi Kaihatsu Co., Ltd.

* Consolidated subsidiaries with manufacturing facilities have been listed with a ○ beside their name. Including 7 Nippon Kayaku plants, we have 20 manufacturing facilities in total (as of July 9th 2026).

Publication date

Sep 10th 2026

Reporting Cycle

1 year (Previous issue: Jul 2025; Next issue: Jul 2027)

Guidelines consulted

GRI (Global Reporting Initiatives) Standards
SASB (Sustainability Accounting Standards Board) Standards
ISO26000
Ministry of the Environment, Japan (Environmental Accounting Guidelines: 2005 Edition)
TCFD (Task Force on Climate-Related Financial Disclosures) recommendations
TNFD (Task Force on Nature-Related Financial Disclosures) recommendations

Third-Party Inspections

Since 2021, the Nippon Kayaku Group has sought to increase the reliability of its environmental performance data on greenhouse gas emission levels (Scope 1, Scope 2 and Scope 3). To that end, it has commissioned third-party inspection reports from Sustainability Accounting Co., Ltd. and subsequently published the results. From 2023, the inspection report covers levels of energy consumption, water use, and waste alongside greenhouse gas emissions. For further details, please see the section on [Independent Third-Party Inspection Reports](#).

Media for Information Disclosure

In addition to via this website, sustainability information is disclosed through the following publications.

Publication	Format	Released
Sustainability Report	PDF	October
Integrated Report	PDF	December
Corporate Governance Report	PDF	June
Securities Report	PDF (Japanese Only)	June

Enquiries

Office Hours

Weekdays: 0900 to 1730 (closed on Saturdays, Sundays, public holidays and company holidays)

Contact Information

Sustainability Promotion Department
Corporate Planning Division
Nippon Kayaku Co., Ltd
1-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo
ZIP code: 100-0005
03-6731-5227

[Email enquiries](#) 

Forward-Looking Statements

This website not only contains facts about the past and present, but also predictions, forecasts, targets and plans related to the future. All such references to the future are based on the information available at the time of publication. Naturally, due to a variety of factors, our forecasts may differ substantially from actual future business results. We therefore kindly remind website users to exercise their own judgment when utilizing the information within.

Independent Practitioner's Limited Assurance Report

August 31, 2026

Mr. Shigeyuki Kawamura
President
Nippon Kayaku Co., Ltd.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Nippon Kayaku Co., Ltd., (“the Company”) to provide limited assurance on the following data of the Company domestic and overseas group for the fiscal year 2025: 2.18 million GJ for energy consumption, 29.4 kt-CO₂e for Scope 1, 60.7 kt-CO₂ for market-based Scope 2, 351 kt-CO₂e for Scope 3 (Categories 1,2,3,4,5,6,7,9,12,13), 10.3 million m³ for water withdrawal, and 25.3 kt for waste emissions (collectively, “the Environmental performance data”). The purpose of this process is to express our conclusion on whether the Environmental performance data were calculated in accordance with the Company’s standards. The Company’s management is responsible for calculating the Environmental performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) and International Standard on Assurance Engagements 3410 (ISAE 3410). The key procedures we carried out included:

- Interviewing the Company’s responsible personnel to understand the Company’s standards
- Reviewing the Company’s standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the Environmental performance data were calculated in accordance with the Company’s standards
- On-site inspection.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental performance data have not been calculated in all material respects in accordance with the Company’s standards.

We have no conflict of interest with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

External Evaluations and Awards

ESG Index Inclusions and Ratings (as of August 2026)

FTSE4Good Index Series



FTSE4Good

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

➤ [FTSE4Good Index Series](#) 

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE4Good Index Series criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE4Good Index Series indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2022	2023	2024	2025	2026
		○	○	○

FTSE JPX Blossom Japan Index



FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Index, created by the global index and data provider FTSE Russell, is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. The index has been adopted by the Government Pension Investment Fund (hereafter: GPIF) as one of its benchmark stock indexes.

➤ [FTSE Blossom Index Series](#) 

FTSE Russell confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

*The FTSE Blossom Japan Index were renamed FTSE JPX Blossom Japan Index in January 2026.

2022	2023	2024	2025	2026
		○	○	○

FTSE JPX Blossom Japan Sector Relative Index



The FTSE JPX Blossom Japan Sector Relative Index, devised by FTSE Russell, is a sector-neutral index which reflects the performance of the Japanese companies with outstanding Environmental, Social and Governance (hereafter: ESG) practices relative to others in their sector. The index has been adopted by the Government Pension Investment Fund (hereafter: GPIF) as one of its benchmark stock indexes.

> [FTSE Blossom Index Series](#)

FTSE Russell confirms that Nippon Kayaku Co., Ltd has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. *The FTSE Blossom Japan Sector Relative Index were renamed FTSE JPX Blossom Japan Sector Relative Index in January 2026.

2022	2023	2024	2025	2026
○	○	○	○	○

MSCI Nihonkabu ESG Select Leaders Index

2026 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

The MSCI Nihonkabu Select Leaders Index is comprised of MSCI parent index (MSCI Nihonkabu IMI Index) companies that are demonstrating outstanding ESG performance in each industry sector. This index is also among those adopted as a benchmark by the GPIF.

> [MSCI Nihonkabu ESG Select Leaders Index](#)

The inclusion of Nippon Kayaku Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nippon Kayaku Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

2022	2023	2024	2025	2026
	○	○	○	○

MSCI Japan Empowering Women Index (WIN)

2026 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women Index is derived from its MCSI Japan IMI Top 700 parent index, and comprises the companies with outstanding records of promoting women's empowerment. This index is also among those adopted as a benchmark by the GPIF.

> [MSCI Japan Empowering Women Index \(WIN\)](#)

The inclusion of Nippon Kayaku Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nippon Kayaku Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

2022	2023	2024	2025	2026
○	○	○	○	○

MSCI ESG Ratings

MSCI ESG Ratings are derived from MSCI surveys and analysis of the extent to which companies are appropriately managing ESG risks. This seven-grade rating system from AAA to CCC serves as the global index for ESG investment. The Nippon Kayaku Group's rating for 2026 was AA.

> [MSCI ESG Ratings](#)

2022	2023	2024	2025	2026
BBB	A	AA	AA	AA

S&P/JPX Carbon Efficient Index



The S&P JPX Carbon Efficient Index is an environmental stock index jointly developed by S&P Dow Jones Indices. It weights and ranks TOPIX companies based on how well they disclose environmental information and carbon efficiency (carbon emissions per unit of sales), and is also among the indexes adopted as a benchmark by the GPIF.

[S&P/JPX Carbon Efficient Index](#)

2022	2023	2024	2025	2026
○	○	○	○	○

Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Morningstar ex-REIT Gender Diversity Tilt Index (hereafter: GenDi J) makes use of the data and evaluation methods supplied by Equileap to rank companies based on the extent to which their gender diversity policies have been instilled throughout the organization, and on how they promote equal opportunities regardless of gender. Companies are placed into one of five groups depending on their score, with the Nippon Kayaku Group currently featuring in GenDi J Group 2. This index is also among those adopted as a benchmark by the GPIF.

[Morningstar Japan ex-REIT Gender Diversity Tilt Index](#)

2022	2023	2024	2025	2026
	○	○	○	○

SOMPO Sustainability Index



Sompo Sustainability Index

The SOMPO Sustainability Index is an active index uniquely compiled from the Environmental, Social and Governance (ESG) scores given in the Environmental Management and ESG Management surveys conducted by SOMPO Risk Management allied to the stock value evaluations conducted by SOMPO Asset Management. It includes around 300 brands with outstanding ESG evaluations.

[SOMPO Sustainability Index](#)

2022	2023	2024	2025	2026
		○	○	○

Certification

RBA (Responsible Business Alliance) Audit sees Kayaku Advanced Materials Certified Gold Status

The RBA (Responsible Business Alliance) is a corporate alliance which promotes social responsibility with respect to the global supply chain. Its remit involves fixing the necessary regulations to guarantee that the global supply chain sees safe working conditions, workers treated with respect and dignity, and due consideration given to the environment in the conduct of corporate activities.

Kayaku Advanced Materials (KAM) underwent a VAP Audit conducted by an RBA-approved third-party organization. As a result of appropriate management being recognized in the audit categories of Labor, Health and Safety, Environment, Ethics, and Management Systems, KAM achieved Silver Status in 2021 and 2023, and attained Gold Status in 2026.

2021	2023	2026
Silver Status	Silver Status	Gold Status

Recognition and Awards

CDP



CDP is an international NGO that operates a global disclosure system based on examination and evaluation of information demanded from companies and cities on climate change measures, water resource protection and forest conservation.

FY2025 saw the Nippon Kayaku Group earn an A for its Climate Change Report and a A- for its Water Security Report.

	2022	2023	2024	2025
Climate Change	A-	A-	A	A
Water Security	C	B	A-	A-

EcoVadis

EcoVadis SS (headquartered in France) hosts an ESG rating platform that assesses over 85,000 companies and organizations from 160 countries and 200 sectors. Comprehensive evaluations are made in the four fields of environment, labor and human rights, ethics, and sustainable resource procurement.

June 2026 saw the Nippon Kayaku Group earn a Bronze Medal.

2024	2025	2026
Bronze Medal	Committed Badge	Bronze Medal

BroadBand Security (Gomez ESG Site Ranking)



The Gomez ESG Site Ranking 2025 was compiled by BroadBand Security, Inc., which rated companies from the five perspectives of: website user-friendliness, ESG sharing, E (environment), S (social) and G (governance), factoring in not only principal users such as shareholders and investors but also a wide range of stakeholders. 2025 saw the Nippon Kayaku Group selected as an “Outstanding Company.”

> [Gomez ESG Site Ranking \(Japanese\)](#)

BroadBand Security (Gomez IR Site Ranking)



The Gomez IR Site Ranking, selected by Broadband Security, Inc., is based on four categories: ease of use of websites, adequacy of financial and business results information, adequacy of corporate and management information, and aggressiveness and innovativeness in disclosing information, with a focus on the viewpoints of primary users- shareholders and investors.

In 2025, the Nippon Kayaku Group was selected as the "Silver prize."

> [Gomez IR Site Ranking \(Japanese\)](#)

Daiwa Investor Relations (Daiwa Internet IR Award)



The Daiwa Internet IR Award, which is selected by Daiwa Investor Relations Co., Ltd., surveys and evaluates the websites of listed companies based on the concepts of 5T&C (Timely, Transparent, Traceable, Trustworth, Total and Communication.)

In 2025, the Nippon Kayaku Group was selected as the "Commendation Award" in the Internet IR category and "Excellence Award" in the sustainability category.

➤ [Daiwa Internet IR Award \(Japanese\)](#) 



Nikko Investor Relations (Company Website Quality Ranking)



The "Company Website Quality Ranking" selected by Nikko Investor Relations Co., Ltd. is a survey of the websites of all listed companies based on objective evaluation criteria set from the three viewpoints to "easy to understand," "easy to use," and "amount of information."

In 2025, the Nippon Kayaku Group was selected Best Award in comprehensive ranking segment.

➤ [Company Website Quality Ranking \(Japanese\)](#) 

Global "sukima" ideas



Nippon Kayaku Co., Ltd.

Meiji Yasuda Seimei Building 19th and 20th Floors,
1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan

[URL https://www.nipponkayaku.co.jp/english/](https://www.nipponkayaku.co.jp/english/)

Contact

Sustainability Promotion Department, Corporate Planning Division
Tel: +81-3-6731-5227

[Inquiry form](#)